YOOX
NET-A-PORTER
GROUP

ANNUAL REPORT AS AT 31 DECEMBER 2015

YOOX
NET-A-PORTER
GROUP

YOOX
NET-A-PORTER
GROUP

Contents

YOOX
NET-A-PORTER
GROUP

YOOX
NET-A-PORTER
GROUP

Chairman's Letter to the Shareholders

"The Board is immensely proud of the results achieved by YOOX NET-A-PORTER GROUP in 2015"

Dear Shareholders,

Welcome to the first Annual Report of the newly combined YOOX NET-A-PORTER GROUP ("YNAP"). 2015 was a remarkable year for the Company. The merger of YOOX GROUP with THE NET-A-PORTER GROUP, which created the world's leading online luxury retailer, successfully completed in October 2015 after many months of hard work.

This landmark merger brought together two highly complementary skill sets and businesses, which cover all key luxury markets and cater to different luxury fashion customer segments globally. The Combined Group now has a significantly increased scale and enhanced competitive position, which will help YNAP to fully benefit from the fast-growing online luxury fashion market and further drive operating leverage.

As a testament to the strong strategic rationale behind the transaction, YNAP expects to achieve €85m run-rate synergies starting from 2018. Together with the increased scale, the Board believes that these synergies will ultimately allow YNAP to enhance its growth profile and long-term profitability, to the benefit of all shareholders.

The Board is also proud of the results achieved by the Group in 2015. Pro-forma net revenues increased by 30.9% year-on-year to €1.7bn, with outstanding performances across all key geographic markets and business lines. Adjusted net income also grew by 37.8% to €59.7m and our net cash position improved to €62.1m.

In 2015, YNAP welcomed an impressive 27 million monthly unique visitors, 2.5 million active customers and 7.1 million orders. This was the result of the Group's commitment to put the customer at the heart of everything we do, to focus on inspiring and surprising them, and to provide best-in-class customer service.

Significant progress was made during the year across all business lines, including: enriching the prestigious In-Season and Off-Season brand portfolio; continuing to unlock the potential of mobile; further improving the customer experience and service; and launching new Online Flagship Stores for YNAP's brand partners.

YNAP's continued success is dependent on its full commitment to fostering a work culture where talent, creativity and diversity are valued, and that is strongly focused on developing, training and rewarding its talented teams. Our work has been recognised externally, and the Board is pleased that YNAP has received the Top Employers Italy 2016 certification for the second consecutive year.

The Group has also enlarged its Board by welcoming a number of new members who bring significant experience and expertise. I am proud to serve on the Board of such a unique company and be part of this inspiring story which is revolutionising the concept of luxury fashion retail.

We aim for 2016 to be another year of revenue growth, where we will further build on the Group's Brands, drive innovation and continue our investment, which will largely focus on creating a single techno-logistics platform across the Company and delivering unrivalled customer and brand experiences. YNAP also expects to achieve its first net positive synergies this year.

On behalf of the Board, I would like to thank everyone at the Company for their excellent work and dedication over the last year. We would also like to thank our customers, brand-partners and, of course, our shareholders for their on-going trust and support.

Raffaello Napoleone

Independent Chairman

YOOX
NET-A-PORTER
GROUP

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Pursuant to article 123-*bis* of the consolidated finance act (TUF)

YOOX
NET-A-PORTER
GROUP

(traditional management and control model)

MILAN, 9 MARCH 2016

Issuer: YOOX NET-A-PORTER GROUP S.P.A. – Via Morimondo 17 – 20149 Milano
Website: www.ynap.com
Tax year to which the Report refers: 2015
Report approval date: 9 March 2016

YOOX
NET-A-PORTER
GROUP

CONTENTS

YOOX
NET-A-PORTER
GROUP

Glossary

Code/Code of Conduct: the Code of Conduct of listed companies approved in July 2014 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available at http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf under "Borsa Italiana – Corporate Governance Committee – Code".

Civil Code: the Italian Civil Code.

Board or Board of Directors: the Board of Directors of the Issuer.

Reference year: the tax year to which the Report refers.

Merger: the merger by absorption into YOOX S.p.A. of Largenta Italia S.p.A., pursuant to Article 2504-bis of the Civil Code, which took effect on 5 October 2015.

Group: the group to which the company belongs.

Instructions for Stock Exchange Regulation: the instructions for regulation of the markets organised and managed by Borsa Italiana S.p.A.

MTA: the Mercato Telematico Azionario, the Italian screen-based trading system organised and managed by Borsa Italiana S.p.A.

Stock Exchange Regulation: the regulation of markets organised and managed by Borsa Italiana S.p.A.. [in effect at the date of this Report].

Issuers' Regulation: the regulation issued by Consob with Resolution 11971 of 1999 concerning issuers (as subsequently amended).

Consob Related-Parties Regulation: the regulation issued by Consob with Resolution 17221 of 12 March 2010 concerning related-party transactions (as subsequently amended).

Report: the report on corporate governance and ownership structure that companies must prepare pursuant to Article 123-bis of the TUF.

TUF: Legislative Decree 58 of 24 February 1998 (Consolidated Finance Act), as subsequently amended.

YOOX NET-A-PORTER GROUP, YNAP, Issuer or Company: YOOX NET-A-PORTER GROUP S.p.A. (formerly YOOX S.p.A.), the issuer of the quoted shares referred to in the present report.

YOOX
NET-A-PORTER
GROUP

Management and control bodies

BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER	FEDERICO MARCHETTI[1]
CHAIRMAN	RAFFAELLO NAPOLEONE[2]
DIRECTORS	STEFANO VALERIO[3 4]
	ROBERT KUNZE-CONCEWITZ[3 5 6]
	CATHERINE GÉRARDIN VAUTRIN[2 3 5]
	LAURA ZONI[4]
	ALESSANDRO FOTI[2 4 5]
	RICHARD LEPEU[7 4]
	GARY SAAGE[7]
	EVA CHEN[8]
	VITTORIO RADICE[8]

BOARD OF STATUTORY AUDITORS

STANDING AUDITORS	MARCO MARIA FUMAGALLI – Chairman
	GIOVANNI NACCARATO
	PATRIZIA ARIENTI
DEPUTY AUDITORS	ANDREA BONECHI
	NICOLETTA MARIA COLOMBO

INDEPENDENT AUDITOR

	KPMG S.p.A.

SUPERVISORY BODY

	ROSSELLA SCIOLTI – Chairwoman
	FILIPPO TONOLO[9]
	ISABELLA PEDRONI

DIRECTOR RESPONSIBLE FOR PREPARING THE FINANCIAL STATEMENTS

	ENRICO CAVATORTA

HEAD OF INTERNAL AUDIT

	FILIPPO TONOLO[9]

1 Executive Director in charge of the internal control and risk management system.
2 Member of the Control and Risk Committee.
3 Member of the Compensation Committee.
4 Member of the Directors' Appointments Committee.
5 Member of the Related-Party Transactions Committee
6 Lead Independent Director.
7 Richard Lepeu and Gary Saage were appointed by the Shareholders' Meeting on 21 July 2015 with effect from the date of effect of the Merger (exchanged on 5 October 2015). Richard Lepeu was appointed member of the Directors' Appointments Committee by the Board of Directors on 11 November 2015.
8 Eva Chen and Vittorio Radice were appointed by the Shareholders' Meeting on 16 December 2015.
9 Appointed by the Board of Directors on 11 December 2015, which also decided upon the appointment of Filippo Tonolo as member of the Supervisory Body pursuant to Article 231/2001 for the entire duration of his office as Head of the Company's Internal Audit Department. The latter role was terminated on 9 March 2016, when the Board of Directors appointed Mr Matteo James Moroni as Head of the Internal Audit Function with effect from the same date. Please refer to paragraph 11 of the Report below in this regard.

YOOX
NET-A-PORTER
GROUP

INTRODUCTION

The tax year was a highly eventful year for the Company, bringing profound change, substantial growth and a very significant effect on corporate governance, which we will summarise in this Introduction.

THE MERGER

During the tax year a complex operation took place to create a business combination between YOOX and THE NET-A-PORTER GROUP. This involved the integration of two highly complementary companies with substantial potential for synergies, with the strategic aim of creating a leading global group in the online luxury segment. The operation took effect on 5 October 2015, creating the YOOX NET-A-PORTER GROUP Limited, a company resulting from the merger by absorption (the "**Merger**"), of Largenta Italia S.p.A, an indirect subsidiary specially established for this purpose with effect from the date of the merger, into YOOX S.p.A. ("**Largenta Italia**"). At the same time, the company name of the latter was changed to YOOX NET-A-PORTER GROUP S.p.A.

The main steps resulting in the Merger can be summarised as follows:

- on 31 March 2015, YOOX S.p.A., on the one hand, and Compagnie Financière Richemont S.A. ("**Richemont**") and Richemont Holdings UK Limited ("**RH**"), on the other, entered into a merger agreement, the "**Merger agreement**", which stipulated, *inter alia*, that before the merger, part of RH would be contributed in kind to Largenta Italia S.p.A. in the form of shares representing the entire share capital of Largenta Limited, a UK subsidiary of RH and owner at the date on which the Merger deed was signed of shares representing the entire share capital of THE NET-A-PORTER GROUP;

- On 24 and 23 April 2015, respectively the Board of Directors of YOOX S.p.A. and Largenta Italia approved, respectively, on 24 and 23 April 2015, the relative Merger Plan drawn up pursuant to Article 2501 of the Civil Code (the "**Merger Plan**"); on 21 July 2015 the extraordinary general meeting of shareholders of both the companies' shareholders subsequently approved the Merger Plan on 21 July 2015; of YOOX and Largenta Italia subsequently approved the Merger Plan;

- by deed dated 29 September 2015 of Dr Carlo Marchetti, notary of Milan, Index no. 12400, Folder no. 6462, registered in the relative Company Registers of Milan and Bologna, the Merger was completed and entered into effect on 5 October 2015 (the "**Merger implementation date**");

- Pursuant to the Merger change report, the share capital of the Issuer was increased by an total nominal amount of EUR 655,995.97 through the issue of 65,599,597 shares in favour of RH, including 20,693,964 ordinary shares and 44,905,633 shares without voting rights ("**B shares**");

- As stipulated in the Merger Plan, the new company articles of association (the "**Company articles of association**" or "**Articles**") entered into force from the implementation date of the Merger. The said articles of association provider of (i) a change to the company name from "YOOX S.p.A" to "YOOX NET-A-PORTER GROUP S.p.A.", abbreviated as "YNAP S.p.A."; (ii) the transfer of the company headquarters from Zola Predosa (Bologna) to Milan and (iii) the introduction of B Shares, a new category of YNAP shares without voting rights, as described above. Unless otherwise specified, reference in the report is made to the previsions contained in the company articles of association. Moreover, two additional members of the company's Board of Directors were appointed with effect from the implementation of the Merger.

For further details on the Merger, see the Information Note for Shareholders and the Prospectus prepared pursuant to Article 57, paragraph 1, letter d) of the Issuers' Regulation, which were made available on 3 July and 3 October 2015 respectively, and can be viewed on the Issuer's website at www.ynap.com (Investor Relations Department – YOOX GROUP NET-A-PORTER GROUP Merger).

B SHARES

B shares have the characteristics described in Article 5 of the Articles of association, as summarised below:

(i) they do not grant voting rights in the Ordinary OR Extraordinary General Meetings (for more information see paragraph 2, letter f of the Report);

(ii) their transfer is subject to certain limitations (for more information see paragraph 2, letter b) of the Report);

(iii) The holder of B shares may at any time convert all or part of the said shares on a 1:1 basis provided that the total of ordinary shares owned after conversion by the requesting shareholder (the calculation includes ordinary shares owned by the controlling individuals, subsidiaries and controlled entities based on the concept of control provided in the main international IAF IFRS standards to which they may be bound from time to time) does not exceed 25% of the share capital represented by shares with voting rights;

(iv) B shares may be converted into ordinary shares as part of a public purchase or exchange offer involving at least 60% of the ordinary shares of the company (for more information cf. Paragraph 2, letter h) of the Report).

Moreover, Article 14 of the Statute provides for a specific mechanism to elect members of the Board of Directors based on the presentation of a list to appoint the said company body by a shareholder who also holds B shares (for more information cf. Paragraph 2, letter f and paragraph 4.1 of the Report).

SHAREHOLDERS' AGREEMENTS

Under the Merger Agreement (i.e. on 31 March 2015), YNAP (formerly YOOX) on the one hand, and Richemont and RH on the other hand, signed an agreement containing shareholders' provisions as per Article 122 of the TUF intended to define the main terms and aspects of the Company's corporate government after the Merger, the rules applicable to the shareholdings of RH and their related transfer (the "Shareholders' Agreement").

On the same day, Richemont and the C.E.O of YNAP (formerly YOOX), Federico Marchetti, also signed a lock-up agreement to limit the possible ownership of newly issued shares by the Company on any increase in share capital subsequently approved by YNAP (the "Lock-up Agreement").

For more information on the aforementioned shareholders' provisions, please refer to paragraph 2 letter g) of the Report and to the key information of the Shareholders' Agreement and Lock-up Agreement, drawn up and published as per Article 122 of the TUF and Article 130 of the Issuer's Regulations available on the Issuer's website: www.ynap.com.

SUBJECT DECISIONS TAKEN IN ACCORDANCE WITH THE MERGER AGREEMENT

Still in the context of the Merger and in accordance with the Merger Agreement, the General Meeting also resolved upon the following:

- on 21 July 2015, in extraordinary session, to confer a mandate upon the Issuer's Board of Directors, pursuant to Article 2443 of the Civil Code, to be exercised within three years of the effective date of the merger, for a divisible paid-in capital increase, in one or more tranches, for up to a maximum of EUR 200,000 thousand and for a total number of shares not exceeding 10% of the Company's share capital. This capital increase may be: *(a)* offered as an option to shareholders; or *(b)* reserved for the Issuer's strategic and/or industrial partners; or *(c)* reserved for qualified investors as defined in Article 34-*ter*, paragraph 1, of the Issuer's Regulations; or *(d)* offered in a combination of the above. For more information, please refer to paragraph 2 letter i) of the Report.

- On 16 December 2015, in extraordinary session, to approve the implementation of a new incentive and loyalty plan, the "2015 - 2025 Stock Option Plan" (the "Plan"), reserved for directors, as well as YNAP's managers and employees and companies directly or indirectly controlled by YNAP. The Plan will be implemented through the granting free of charge of up to 6,906,133 options, valid for subscription to an equal number of newly issued ordinary YNAP shares (in the ratio of one ordinary share for each option exercised) deriving from a paid-in capital increase excluding option rights, pursuant to Article 2441, paragraphs 5 and 6 of the Civil Code, approved by the same Meeting to cancel at the same time the

"2014 - 2020 Stock Option Plan" resolved upon by the Ordinary General Meeting of 17 April 2014. For more information, please refer to paragraph 9 of the Report.

***

During the tax year 2015 the mandates of the Board of Directors and Company's Board of Statutory Auditors expired and were renewed by the ordinary shareholders' meeting on 30 April 2015.

The Board of Directors appointed the date of the Report becomes the Board of Director appointed by the Company on 30 April 2015 as subsequently supplemented by the General Meeting of the Company dated 21 July 2015 and 16 December 2015. For more information, refer to paragraphs 4 and 14 of the Report.

Finally, on 30 July 2015 the Board of Directors resolved to ask Borsa Italiana to authorise departure from the STAR segment. Since 10 August 2015, the Company's ordinary shares have therefore been traded on the MTA, as stipulated in a specific provision from Borsa Italiana. As already communicated to the market at the time, such a decision will not impact the procedures and best practices of corporate governance introduced within the Company.

YOOX
NET-A-PORTER
GROUP

1. ISSUER PROFILE

The YOOX NET-A-PORTER GROUP is the global leader in luxury fashion e-commerce. The Group is the result of the Merger and has a unique business model, with its in-season Multi-brand online stores NET-A-PORTER.COM, MR PORTER.COM, THECORNER.COM and SHOESCRIBE.COM, and end-of-season Multi-band online stores YOOX.COM and THE OUTNET.COM, as well as numerous ONLINE FLAGSHIP STORES powered by the YOOX NET-A-PORTER GROUP. Since 2012 the Group has also been Kering's partner in a joint venture dedicated to the management of the ONLINE FLAGSHIP STORES of the various luxury brands of the French Group.

YOOX NET-A-PORTER GROUP holds a unique position in the high-growth online luxury segment, with more than 2.5 million active customers, 27 monthly unique visitors worldwide and total Net Revenues of EUR 1.7 billion in 2015. The Group has offices and operations in Europe, the United States, Japan, China and Hong Kong and delivers to more than 180 countries worldwide.

The ordinary shares of the Issuer were admitted to trading on the MTA on 3 December 2009, and on 23 December 2013 entered the FTSE MIB index, the main index of Borsa Italiana consisting of shares of the 40 leading Italian companies in terms of capitalisation and liquidity. From 5 October 2015 the Company's ordinary shares traded on the MTA took the name YNAP.

The Issuer is organised according to the traditional management and control model set out in Articles 2380-*bis et seq.* of the Civil Code, with a General Meeting, Board of Directors and Board of Statutory Auditors.

2. INFORMATION ON THE OWNERSHIP STRUCTURE (PURSUANT TO ARTICLE 123-BIS OF THE TUF) AS AT 31/12/2015

A) SHARE CAPITAL STRUCTURE (ARTICLE 123-BIS, PARAGRAPH 1, LETTER A), OF THE TUF)

At 31 December 2015, and at the date of the present Report, the subscribed and paid-up share capital was EUR 1,301,258.85, represented by 130,125,885 shares, divided into 85,220,252 ordinary shares and 44,905,633 shares with no voting rights (B Shares), all without nominal value.

Categories of shares that comprise the share capital as at the date of this Report:

	NO. OF SHARES	% OF SHARE CAPITAL	LISTED/UNLISTED	RIGHTS AND OBLIGATIONS
ORDINARY SHARES	85,220,252	65.49	MTA/FTSE MIB	A VOTING RIGHT IS ATTACHED TO EVERY SHARE. THE RIGHTS AND OBLIGATIONS OF HOLDERS OF ORDINARY SHARES ARE SET OUT IN ARTICLE 2346 *ET SEQ.* OF THE CIVIL CODE. SEE SECTION 16 OF THIS REPORT FOR MORE INFORMATION.
B SHARES	44,905,633	34.51	UNLISTED	SHARES WITHOUT VOTING RIGHTS. THE RIGHTS AND OBLIGATIONS OF HOLDERS OF B SHARES ARE SET OUT IN THE APPLICABLE ARTICLES OF ASSOCIATION.

Since 2000, the Issuer has implemented share-based incentive plans, with a view to giving the Group an incentive tool to promote loyalty among directors, managers and employees. The stock option plans represent, for parties with strategic roles that are key to the success of the Company and the Group, an ongoing incentive to maintain adequate management standards, improve Group performance by meeting set targets, increase Group competitiveness and create value for shareholders. For more information on incentive plans as at 31 December 2015, see the Information Documents prepared pursuant to Article 84-bis of the Issuers' Regulation and held at the Company registered office, and also available on the Company website at www.ynap.com (section on Governance) and the remuneration report prepared pursuant to Article 123-*ter* of the TUF and Article 84-*quater* of the Issuers' Regulation, available under the law on the Company website at www.ynap.com (section on Governance).

B) RESTRICTIONS ON THE TRANSFER OF SHARES (ARTICLE 123-BIS, PARAGRAPH 1, LETTER B), OF THE TUF)

Pursuant to Article 5, paragraph 4, of the articles of association, every holder of B Shares may freely dispose of those shares, with the exception of 1 (one) B Share that must remain in the ownership of the holder of the B Shares for a period of 5 (five) years from the effective date of the Merger. To this end, every holder of B Shares will be considered jointly with every other holder of B Shares qualifying as his/her related party under the IASs/IFRSs from time to time in force, so that, when several holders of B Shares are related parties as defined above. The said obligation shall be understood as fulfilled when one of the parties own a B share. Without prejudice to the above limit, if B Shares are attributed to parties other than the related parties (as defined above), the B Shares shall be automatically converted into ordinary shares in a ratio of 1:1.

Except as provided in Article 5, paragraph 4, of the above-mentioned articles of association, there are no statutory restrictions on the transfer of securities, limits on ownership or acceptance clauses governing the Issuer or other shareholders. More precisely, at the date of the present Report, the shareholders' agreements described in the following paragraph g) are in force.

C) MAJOR SHAREHOLDINGS (ARTICLE 123-BIS, PARAGRAPH 1, LETTER C), OF THE TUF)

As at the date of this Report, shareholders that directly or indirectly own shareholdings of more than 2% of the share capital, through pyramid structures or cross shareholdings, as detailed in communications made pursuant to Article 120 of the TUF, are reported in the table below:

DECLARING PARTY	DIRECT SHAREHOLDER	% SHARE OF ORDINARY VOTING SHARE CAPITAL	% SHARE OF THE TOTAL SHARE CAPITAL
COMPAGNIE FINANCIÈRE RUPERT	RICHEMONT HOLDING (UK) LIMITED	24.283	50.412
RENZO ROSSO	*RED CIRCLE INVESTMENTS S.R.L.*	3.801	2.489
	RED CIRCLE S.R.L. UNIPERSONALE	1.882	1.233
	RENZO ROSSO	0.403	0.264
		6.086	3.986
FEDERICO MARCHETTI	*FEDERICO MARCHETTI*	5.000	3.274
	MAVIS S.R.L.	1.060	0.695
		6.060	3.969
NORGES BANK	NORGES BANK	2.116	1.386

(*) RH holds all 44,905,633 B shares issued by YNAP.
(**) The percentages mentioned in the above table refer to the ordinary share capital including YNAP's own shares (see paragraph i) of the Report

D) SHARES GRANTING SPECIAL RIGHTS (ARTICLE 123-BIS, PARAGRAPH 1, LETTER D), OF THE TUF)

Shares that grant special controlling rights or special powers have not been issued

The articles of association do not contain provisions relating to majority voting rights pursuant to Article 127-5 of the TUF.

E) EMPLOYEE SHAREHOLDINGS: PROCEDURE FOR EXERCISING VOTING RIGHTS (ARTICLE 123-BIS, PARAGRAPH 1, LETTER E), OF THE TUF)

There is no employee shareholding plan in place.

F) RESTRICTIONS ON VOTING RIGHTS (ARTICLE 123-BIS, PARAGRAPH 1, LETTER F), OF THE TUF)

As defined in Article 5 of the company's articles of association, B shares do not grant voting rights in the ordinary or extraordinary general meetings, on the understanding, however, that employees who fully own B shares benefit from any other administrative or corporate rights associated with ordinary shares and rights reserved for holders of special shares in accordance with the applicable and binding provisions.

In addition, Article 14 of the articles of association, with reference to the appointment of the Board of Directors, provides that two directors are appointed on the Board of Directors from the list presented by a board member who also holds B shares, as specified in paragraph 4.1 of this Report.

G) AGREEMENTS PURSUANT TO ARTICLE 122 OF THE TUF (ARTICLE 123-BIS, PARAGRAPH 1, LETTER G), OF THE TUF)

Concerning the existence of relevant shareholders' provisions as defined in Article 122 of the TUF, the Issuer is familiar with the following agreements in force at the date of the present Report relating to the Issuer's shares.

When the Merger Agreement was signed on 31 March 2015, the Company, on the one hand, and Richemont and RH, on the other, entered into an agreement containing significant shareholders' agreements pursuant to Article 122 of the TUF, intended to govern principles relating to certain aspects of the corporate governance of the Company, the rules that apply to the equity investments held by RH in the Company and the relative transfer the ("**Shareholders' Agreement**"). The Shareholders' Agreement includes, *inter alia*, provisions relating to the reappointment and renewal of the Chief Executive Officer, intended to preserve the independence of Company management, the composition of the Directors' Appointments Committee and the adoption of new share-based incentive plans, in accordance with the principles of the Shareholders' Agreement itself. The Shareholders' Agreement also provides for a commitment on the part of RH, for a period of three years from the effective date of the merger, not to transfer or otherwise dispose of shares of the Company (ordinary shares and B Shares), either directly or indirectly, representing: *(i)* 25% of the total share capital of YNAP, including at least one B Share; and *(ii)* 25% of the company's shares issued for the capital increase under the mandate approved by the General Meeting of 21 July 2015, subscribed by RH.

These restrictions do not limit RH's right to take part - under the terms and conditions stipulated in the articles of association - in a takeover bid or share swap offer to all YOOX shareholders or to shareholders representing at least 60% of the company's share capital. Lastly, under the Shareholders' Agreement, neither Richemont, nor any of its affiliated companies, may, without the prior written consent of YNAP, for a period of three years after the implementation of the merger, purchase shares or other financial instruments of YNAP (including stock options or derivatives relating to the company's shares), without prejudice to the right to subscribe to any newly issued shares of YNAP issued due to the exercise of the mandate by the Board of Directors or any other subsequent increase in the company's capital.

On the same date, Richemont and Federico Marchetti signed an agreement (the "**Lock-Up Agreement**"), under which Mr Marchetti undertook, for the lesser of *(x)* a period of three years from the effective date of the Merger and *(y)* the time in which Mr Marchetti holds the position of Chief Executive Officer, not to dispose of any newly issued shares of the Company subscribed by him in any capital increase resolved upon in future by YNAP and in the execution of any new incentive plan. Moreover, under the Shareholders' Agreement, for a period of three years from the effective date of the merger, RH may not transfer or otherwise dispose of the company's shares (ordinary shares and B Shares), either directly or indirectly, representing: *(i)* 25% of the total share capital of the company YNAP, including at least one B Share; and *(ii)* 25% of YNAP shares (including, for the sake of clarity, both ordinary shares and B Shares) issued for the capital increase under the mandate approved by the Extraordinary General Meeting of the company of 21 July 2015, subscribed by RH. These restrictions do not limit RH's right to take part - under the terms and conditions stipulated in the articles of association - in a takeover bid or share swap offer to all the Company's shareholders or to shareholders representing at least 60% of the share capital.

For more information on the shareholders' agreements described above, see the key information on the Shareholders' Agreement and the Lock-Up Agreement, drawn up and published pursuant to Article 122 of the TUF and Article 130 of the Issuers' Regulation and available on the Company website.

The Issuer is not aware of the existence of any other agreements between the shareholders.

H) CHANGE OF CONTROL CLAUSES (ARTICLE 123-BIS, PARAGRAPH 1, H), OF THE TUF) AND PROVISIONS IN THE ARTICLES OF ASSOCIATION ON THE SUBJECT OF TAKEOVER BIDS (ARTICLE 104, PARAGRAPH 1-TER, AND ARTICLE 104-BIS, PARAGRAPH 1, OF THE TUF)

In relation to significant agreements that take effect, are amended or are invalidated as a result of the change of control of the contracting company, a Joint Venture agreement has been signed between the Issuer and Kering SA (formerly PPR S.A.) a financial agreement between the company and the European Investment Bank which give the contracting parties the option to withdraw from the contract in certain cases where there is a change in the Issuer's controlling interests. Attention is also drawn to the administration contract signed by the Issuer with the Chief Executive Officer, Federico Marchetti. For more information, see the remuneration report prepared pursuant to Article 123-*ter* of the TUF and Article 84-*quater* of the Issuers' Regulation, available on the Company's website at the address www.ynap.com (Governance Section). The companies controlled by the Issuer have not signed significant binding agreements. They take effect, are amended or expire following a change in the control of the contracting company. The Extraordinary General Meeting of 5 May 2011 resolved to make use of the right under Article 104, paragraph 1-*ter* of the TUF, introducing an express exemption to the passivity rule into the articles of association, in paragraphs 5 and 6 of Article 6. Specifically, Article 6 of the articles of association stipulate that: (i) as an exemption to the provisions in Article 104, paragraph 1, of the TUF, if Company shares are subject to a takeover bid and/or share swap offer, authorisation from the shareholders is not required to complete the deeds or transactions which could hinder achievement of the objectives of the offer, during the period between the communication in Article 102, paragraph 1, of the TUF and the closure or expiry of the offer; and (ii) as an exemption to the provisions of Article 104, paragraph 1-*bis,* of the TUF, authorisation from the shareholders is also not needed for the implementation of any decision taken before the start of the period between the communication in Article 102, paragraph 1, of the TUF and the closure or expiry of the offer, which has not yet been fully or partly implemented, that does not come under the course of normal activities for the Company and whose implementation could hinder the achievement of the objectives of the offer.

Article 5 of the articles of association stipulates that, in the case of a takeover bid or share swap offer for at least 60% of the ordinary shares of the Company, all shareholders holding B Shares, notwithstanding the provisions in paragraphs 4 and 5 from the same Article 5, must be able to convert, in the ratio of 1:1, all or part of the B Shares held (and communicate the decision to convert), for the sole purpose of transferring to the offer the ordinary shares deriving from conversion; in such a case, however, the conversion will only be effective if the offer itself is successful, and only applies to shares brought to the offer that are actually transferred to the offeror. In such cases, the Board of Directors is obliged to do everything to ensure that (i) the ordinary shares deriving from the conversion request (A) are issued by the end of the trading day preceding the settlement date for the takeover bid or share swap offer and (B) where applicable, are admitted to trading in the same regulated market as the ordinary shares, under the procedures and within the deadlines set by the applicable regulations, and (ii) the company's articles of association are updated according to the conversion. On 11 November 2015, the Board of Directors conferred separately upon the Chief Executive Officer, the Chairman and the Vice Chairman of the Board of Directors the power to implement the above activities for the conversion of B Shares into ordinary shares.

The articles of association do not involve the application of the neutralisation rules set out in Article 104-*bis*, paragraphs 2 and 3, of the TUF.

I) DELEGATION OF POWER TO INCREASE THE SHARE CAPITAL AND AUTHORISATION TO PURCHASE TREASURY SHARES (ARTICLE 123-BIS, PARAGRAPH 1, LETTER M), OF THE TUF)

In the context of the Merger and in line with the Merger Plan, the Extraordinary General Meeting of 21 July 2015 resolved, inter alia, to confer a mandate upon the Board of Directors pursuant to Article 2443 of the Civil Code (**"the Mandate")**, to be exercised within three years from the implementation of the merger to increase the share capital in one or more tranches up to a maximum of EUR 200,000 thousand, including any share premium, up to a maximum number of shares not exceeding 10% of the Issuer's share capital (after the Merger), with an offering of newly issued shares:

(i) as an option for existing rights; or

(ii) to eligible investors, as per Article 34-*ter*, para.1, letter b) of the Issuer's Regulations excluding the option right as defined in Article 2441, paragraph 4, depending on the period, of the Civil Code or as defined in Article 2441, paragraph 5 of the Civil Code; or

(iii) to strategic and/or industrial partners of the Issuer, excluding the option to rights as per Article 2441, paragraph 4, depending on the period, or as per Article 2441, para.5 of the Civil Code; or

(iv) Through a combination of the three aforementioned alternatives.

Under the delegation of powers, the aforesaid meeting has also laid down that (i) the decisions to increase the share capital (or related single tranches) which provides for the exclusion of the option right shall fix the issue price of the shares (or the parameters to calculate it) in accordance with the procedures and criteria that may be applicable from time to time, (ii) the decisions to increase the share capital shall fix the portion of the share issue price to be charged to the share capital and the issue price portion to e charged to a premium price. On the date of the present Report, the Board of Directors has not exercised its delegation of powers.

***

The Ordinary General Meeting of 30 April 2015 authorised transactions to purchase and dispose of treasury shares (i) for the purposes envisaged by market practice relating to the purchase of treasury shares for the constitution of a bank of shares as allowed by Consob, pursuant to Article 180, paragraph 1, letter c) of the TUF, in Resolution 16839 of 19 March 2009, in conformity with the operating conditions established for the aforesaid market practices, and by Regulation (EC) No 2273/2003 of 22 December 2003, where applicable, and in particular (a) for the possible use of shares as payment in extraordinary transactions, including share swaps with other parties as part of transactions in the Company's interest, or (b) to use the treasury shares acquired to service programmes for the distribution of options on shares or shares to directors, employees and consultants of the Company or its subsidiaries, as well as programmes for the allocation of free shares to the beneficiaries identified within the framework of such programmes, and (ii) for lending shares to the Specialist Operator so that the latter can meet its contractual obligations vis-à-vis the Company for the settlement of transactions carried out on Company shares under the terms and in the manner established by the applicable provisions. With regard to point (ii) above, please note that since 10 August 2015 the Company's shares have no longer been traded on the STAR segment of the MTA. The Issuer therefore no longer makes use of a Specialist Operator, as this is no longer required under the regulations in force.

With reference to the aims in points (i) and (ii) before the General Meeting:

- authorised, pursuant to Article 2357 of the Civil Code, the purchase, in one or more tranches, for a period of 18 months from the date of the adoption of the shareholder resolution, of ordinary shares in the Company up to a maximum that, taking into account the ordinary YNAP (formerly YOOX) shares held at any time by the Company and its subsidiaries, does not in total exceed the limit of 10% of the share capital at a price that is not greater than the higher of the last independent transaction and the highest current independent offer price on the market where the purchase is to take place, without prejudice to the fact that the unit price cannot be lower than 15% or higher than 15% of the official registered price of YNAP (formerly YOOX) stock on the trading day prior to each individual purchase transaction;

- gave the Board of Directors a mandate to identify the number of shares to purchase in relation to each of the above-mentioned aims prior to the launch of each individual purchasing plan and to proceed with the purchasing of shares under the conditions and for the purposes referred to above, assigning it the broadest powers for the execution of the purchasing transactions as part of the shareholder resolution and all other formalities related to them, including the possible appointment of intermediaries pursuant to law and with the right to appoint persons with special powers of attorney, as deemed appropriate in the interests of the Company, in accordance with what is permitted under existing regulations, through the methods set out in Article 144-*bis*, paragraph 1, letter b), of Issuers' Regulations;

- authorised the Board of Directors, pursuant to Article 2357-*ter* of the Civil Code, to make available, at any time, in full or in part, on one or more occasions, treasury shares purchased on the basis of the shareholder resolution, or in the Company portfolio, to make available on or off the stock exchange, possibly also through the sale of actual and/or personal rights, including, by way of example, securities lending, in compliance with the pro tempore laws and regulations in force and for the pursuit of the aims of the same resolution, under the terms, methods and conditions of the deed of sale of the treasury shares deemed most suitable in the interests of the Company, also taking into account the obligations undertaken with regard to the Specialist Operator pursuant to the related agreement, assigning the most far-reaching powers for the execution of the sale transactions under the Shareholders' Meeting resolution, as well as all other related formalities, including the possible appointment of intermediaries enabled pursuant to the law and with the right to appoint persons with special powers of attorney, notwithstanding that (a) deeds of sale made under the scope of extraordinary transactions, including the exchange of stakes with other persons, can take place at the price or figure which will be in line with the transaction, by reason of the characteristics and nature of the actual transaction and also taking into account the performance of the market; and that (b) the deeds of sale for treasury shares for servicing any plans for the distribution of share options or shares to directors, employees and collaborators of the Company or its subsidiaries can take place at the price determined by the competent corporate bodies under the scope of these plans, taking into account the performance of the market and regulations, including tax regulations, that may apply, or free of charge, where this has been established by the competent corporate bodies with reference to free treasury share allocation schemes, all in full compliance of the conditions and methods, including operational, established by the application provisions of Consob Resolution 16839 of 19 March 2009 and Regulation (EC) No 2273/2003 of 22 December 2003, where applicable, with no time limit on this authorisation.

The said Meeting has stipulated, as defined by law, that the purchases of shares as authorised fall within the limits of the distributable income and the available reserves resulting from the last set of balance-sheet accounts (including annual accounts) approved at the time the operation is implemented and that following the purchase and offer of equity shares, the necessary accounting adjustments are made pursuant to the applicable legal provision and accounting standards.

As at the date of this Report, YNAP holds 17,339 treasury shares, equal to 0.020% of the current share capital (equal to EUR 852,202.52, divided into 85,220,252 ordinary shares).

L) MANAGEMENT AND COORDINATION ACTIVITIES

The Issuer is not subject to management and coordination activities pursuant to Article 2497 *et seq*. of the Civil Code. No party controls YNAP pursuant to Article 93 of the TUF.

***

With reference to further information pursuant to Article 123-*bis* of the TUF, please note that:

- with regard to information on agreements between the Company and the directors which involve compensation in the case of resignation or unfair dismissal, or if the relationship ceases following a takeover bid (Article 123-*bis*, paragraph 1, letter i)), see the remuneration report prepared pursuant to Article 123-*ter* of the TUF and Article 84-*quater* of the Issuers' Regulation available in accordance with the law in the Governance section of the Company website at www.ynap.com;

- for information regarding the appointment and replacement of directors (Article 123-*bis*, paragraph 1, letter l), part one) see section 4.1 below;

- for information on the main features of the risk and internal control management system (Article 123-*bis*, paragraph 2, letter b)), see sections 10 and 11 below;

- for information on the mechanisms of the General Meeting, its main powers, shareholders' rights and how they may be exercised (Article 123-*bis*, paragraph 2, letter c)), see section 16 below;

- for information on the composition and functioning of the management and control bodies and their committees (Article 123-*bis*, paragraph 2, letter d)), see paragraphs 4, 6, 7, 8, 10, 13 and 14 below.

3. COMPLIANCE

The Issuer has made the Code publicly available on the website of the Corporate Governance Committee (www.borsaitaliana.it)

Neither the Issuer nor its subsidiaries are subject to legal provisions outside of Italy affecting the corporate governance structure of the Issuer itself.

4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT OF DIRECTORS

The Company is managed by a Board of Directors comprising a minimum of 5 (five) and a maximum of 15 (fifteen) directors, fulfilling the gender balance requirement pursuant to Article 147-*ter*, paragraph 1-*ter*, of Legislative Decree 58/1998, as introduced by Law no. 120 of 12 July 2011. The directors' term is a maximum of three years, expiring on the date of the General Meeting called to approve the financial statements of the last year of their term. Directors may be re-elected. Before making the appointments, the General Meeting determines the number of directors and the Board's term of office.

All directors must comply with the requirements of eligibility, professionalism and integrity provided for by law and other applicable provisions. A minimum number of directors, no fewer than that established by the regulations in force, must fulfil the independence requirements prescribed by the provisions or regulations from time to time in force (the "**Independent Directors**"). Directors will lose their positions if they no longer fulfil the requirements. The failure by a director to fulfil the independence requirements prescribed by Article 148, paragraph 3, of the TUF will not result in the loss of his/her position if the requirements continue to be met by the minimum number of directors pursuant to the regulations in force. In any case, independent directors identified as such when they are appointed must notify the Board of Directors without delay if they no longer meet the independence requirements.

Also see section 4.6 below for information on the independence requirements of members of the Board.

Directors are appointed by the General Meeting, in accordance with rules from time to time in force governing balanced gender representation, based on the lists presented - in compliance with the law and regulations from time to time in force and the articles of association - in which candidates meeting the requirements stipulated by the law and regulations from time to time in force must be listed in numerical order[10].The outgoing Board and shareholders that, when the list is presented, hold a stake at least equal to that determined by Consob pursuant to Article 147-*ter*, paragraph 1, of the TUF, and in compliance with the Issuers' Regulation, may submit a list for the appointment of directors. In this regard, with Resolution 19499 of 28 January 2016, Consob set the shareholding required to present candidate lists for the election of the Issuer's Board in the year ended 31 December 2015 at 1% of the share capital. Ownership of the minimum shareholding percentage is established on the basis of the shares registered to the shareholder on the day on which the lists are submitted to the Issuer; the relative certificates may also be produced after submission, as long as this takes place by the date set for publication of the lists.

The lists presented by the shareholders are filed at the registered office, in accordance with the procedures set out by the regulations, including existing pro tempore regulations, at least 25 (twenty-five) days before the General Meeting called to appoint the directors. The list presented by the Board of Directors, if presented, is filed at the registered office in accordance with the procedures set out by the regulations, including existing pro tempore regulations, at least 30 (thirty) days before the General Meeting called to appoint the directors. The Company must also make the lists available to the public at least 21 (twenty-one) days before the General Meeting, according to the procedures set out by the laws in force.

Lists containing three or more candidates must be made up of candidates from both genders, so that the less-represented gender constitutes at least one-third of the candidates (rounded up).

Furthermore, the lists contain, also in annexes:

(i) CVs detailing the candidates' personal and professional profiles;

(ii) the statements in which the candidates accept their candidacy and certify that there are no reasons of ineligibility or incompatibility and that they meet the requirements prescribed by the laws in force for the office of company director. These statements may also include a declaration as to whether they meet the requirements to qualify as independent directors, and, if necessary, further requirements set out in the codes of conduct drawn up by companies managing regulated markets or by trade associations;

(iii) for lists presented by shareholders, the identities of the presenting shareholders and their total equity investment;

(iv) any further or other declaration, information and/or document provided for by law and applicable regulations.

It is prohibited for any shareholder or shareholders that are part of a shareholders' agreement pursuant to Article 122 of the TUF, and the related parties of these shareholders, to present or take part in the presentation, either personally or through a fiduciary company, of more than a single list, or to vote for different lists, and each candidate may appear on only one list, under penalty of ineligibility. Adhesions and votes cast in breach of this regulation will not be attributed to any list.

After the vote, the members of the Board of Directors will be elected according to the following criteria:

A) (i) from the list that obtained the highest number of votes (the "**Majority List**"), all the directors are drawn, in order of presentation, except for candidates drawn from any of the lists described in points (ii) and (iii) below;

[10] On 25 February 2015 the Board of Director, acting on the proposal of the Directors' Appointment Committee, approved guidelines for the presentation of lists of candidates with a view to renewing the Board of Director as decided by the shareholders' meeting called to approve the accounts of the 2014 tax year. Following their approval and until the effective implementation of the Merger and subsequent change to the statutory provisions which define the appointment of directors, such guidelines have been published on the Issuer's website.

(ii) from any list presented by a shareholder also holding shares without voting rights (i.e. holding B Shares) (hereinafter the "**Limited-Vote Shareholder**", and the "**List presented by the Limited-Vote Shareholder**"), two directors are drawn, in order of presentation. If lists are presented by several Limited-Vote Shareholders that are not related parties, the directors will be drawn from the list that obtained the highest number of votes among these lists;

(iii) from the list - other than the Majority List and other than the List presented by the Limited-Vote Shareholder - that obtained the highest number of votes and is not related, including indirectly, to the shareholders presenting or voting for the Majority List or the List presented by the Limited-Vote Shareholder, pursuant to the applicable provisions (the "**Minority List**"), one director is drawn, i.e. the person who appears beside the number one on the list.

(iv) if there is no List presented by the Limited-Vote Shareholder or no Minority List, the directors or director that would have been drawn from these lists are drawn from the Majority List.

B) In addition to and in clarification of the points under letter A) above, it is determined that:

(i) any List presented by a Limited-Vote Shareholder will produce two directors, also if it is the list that obtains the highest number of votes; therefore, in this event, the Majority List will be regarded, for the purposes of calculating which directors to elect, as the list obtaining the second-highest number of votes;

(ii) a list that, despite obtaining the highest number of votes and despite not being presented by a Limited-Vote Shareholder, has all three of the following characteristics - (x) it was presented by shareholders and therefore not by the Board of Directors pursuant to the articles of association, (y) it was voted for by a Limited-Vote Shareholder, and (z) it obtained a higher number of votes than the other lists only by virtue of the deciding vote cast by a Limited-Vote Shareholder - will also be regarded in the same way as the List presented by a Limited-Vote Shareholder, and will therefore produce only two directors, pursuant to A) (ii) above,

(iii) if the Majority List is the list presented by the Board of Directors, and no list is presented or voted for by any Limited-Vote Shareholder, all the directors to be elected will be drawn from the Majority List, except for the director drawn from any Minority List;

(iv) if only one list is presented, and unless this list was presented by a Limited-Vote Shareholder, the General Meeting votes on it, and if it obtains a relative majority of the votes, without taking abstentions into account, the candidates listed are elected as directors in order of presentation;

(v) if (x), there are lists other than Lists presented by Limited-Vote Shareholders that obtained equal numbers of votes (the "**Tied Lists**") and (y) there are no lists that obtained a higher number of votes than the Tied Lists, the Majority List and the Minority List will be identified as follows:

(a) if the list presented by the Board of Directors is one of the Tied Lists, it will be regarded as the Majority List. If there is only one other Tied List, this will be regarded as the Minority List; if there is more than one, the Minority List will be identified by applying the criterion described in point (b) to determine the Majority List;

(b) if the list presented by the Board of Directors is not one of the Tied Lists, the Tied Lists will be ordered according to the size of the equity investment held by the shareholder that presented the list (or the shareholders that presented the combined list) when the list was presented, or, alternatively, according to the number of shareholders jointly presenting the list: the first list in the order will be regarded as the Majority List and the second as the Minority List;

(vi) if there are Tied Lists and a Majority List, the Minority List will be identified by applying, *mutatis mutandis*, the rules set out in point (v) above to determine the Majority List.

If the election of the candidates in the manner described above does not ensure the appointment of a number of independent directors equal to the minimum number stipulated in law in relation to the total number of directors, the necessary replacements will be made in the Majority List, or in the equivalent list, according to the order of presentation of the candidates and starting with the last elected candidate. Similarly, if the composition of the body does not comply with the regulations relating to gender equality, taking into account the order on the list, the last persons elected on the Majority List (or equivalent list) of the more-represented gender forfeit their places in the necessary numbers to ensure compliance with requirements, and are replaced by the first candidates not elected on the same list of the less-represented gender. If there are no candidates of the less-represented gender on the Majority List (or equivalent list) in sufficient numbers to proceed with the replacement, the General Meeting completes the body by majority voting, ensuring that the requirements are satisfied.

Lists that do not obtain a percentage of votes equal to at least half that required to present a list shall not be taken into consideration.

If there are no lists, or if the number of directors elected based on the lists presented is, for any reason, less than the number of directors to be elected, the members of the Board of Directors are appointed by the General Meeting by legal majority, without observing the above process, whilst ensuring that (i) the total minimum number of independent directors complies with the regulations in force and that (ii) the rules governing balanced gender representation are complied with.

Lastly, under Article 14 of the articles of association, if for any reason one or more directors cease to hold their posts, they will be replaced pursuant to Article 2386 of the Civil Code, whilst ensuring that (i) the total minimum number of independent directors complies with the regulations in force and that (ii) the rules governing balanced gender representation are complied with.

The Chairman is appointed by the Ordinary General Meeting through simple majority voting, or is appointed by the Board of Directors in accordance with the articles of association.

If the majority of directors appointed by the General Meeting resign or leave the Board for any reason, the entire Board will be considered replaced from the date on which the new Board takes office. In this case, the directors who have remained in office must urgently convene the General Meeting to appoint the new Board of Directors.

Given the changes to the composition of the Board of Directors and the shareholding base of YNAP, the provisions of defined in Shareholders Agreement (described in the previous paragraph 2, letter g) of the Report, which define, inter alia, the appointment of the Chief Executive Officer as well as the administrative agreement concluded with the CEO, the Board of Directors, at its meeting on 9 March 2016, decided to defer the decision on the need to adopt a succession plan for the executive directors to a later meeting to be held in 2016

4.2 COMPOSITION

The Issuer's Board in office at the date of this Report comprises 11 (eleven) members:

- 7 (seven) members were appointed by the General Meeting of 30 April 2015, based on the two lists presented (six members were taken from List 1, presented by the outgoing Board of Directors, and the remainder were taken from List 2, presented by a group of institutional investors) pursuant to the articles of association in force at the said date;

- the director Richard Lepeu and Gary Saage were appointed by the Ordinary General Meeting of 21 July 2015 with effect from the implementation of the Merger, and

- 2 (two) additional independent members, i.e. Eva Chen and Vittorio Radice, were appointed by the Ordinary General Meeting of 16 December 2015.

The percentage of the share capital required to present lists for the appointment of the Board of Directors on 30 April 2015 was 1%.

The Board will remain in office until the date of the General Meeting called to approve the financial statements for the year ended 31 December 2017. For further information on the lists submitted for the appointment of the Board on 30 April 2015 and subsequent additions, see the Company website at www.ynap.com (under Governance/General Meeting Archive), where the CVs of all the directors are also available.

Composition of the Board of Directors at the date of the present Report

NAME	POSITION	YEAR OF BIRTH	IN OFFICE SINCE	IN OFFICE UNTIL	M/m LIST	EXEC.	NON EXEC.	INDEP. CODE	INDEP. TUF	ATTENDANCE % (*)	OTHER POSITIONS
FEDERICO MARCHETTI	CHIEF EXECUTIVE OFFICER	1969	30/04/2015 FIRST APPOINTED: 04/02/2000	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M	X				100	0
RAFFAELLO NAPOLEONE	CHAIRMAN	1954	30/04/2015 FIRST APPOINTED: 02/07/2004	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M		X	X (**)	X	100	1
STEFANO VALERIO	VICE CHAIRMAN	1970	30/04/2015 FIRST APPOINTED: 10/05/2006	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M		X			84.6	0
CATHERINE GÉRARDIN VAUTRIN	DIRECTOR	1959	30/04/2015 FIRST APPOINTED: 21/04/2010	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M		X	X	X	84.6	0
LAURA ZONI	DIRECTOR	1965	30/04/2015 FIRST APPOINTED: 30/04/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M		X	X	X	83.3	0
ROBERT KUNZE-CONCEWITZ	DIRECTOR	1967	30/04/2015 FIRST APPOINTED: 30/04/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M		X	X	X	66.7	2
ALESSANDRO FOTI	DIRECTOR	1963	30/04/2015 FIRST APPOINTED: 30/04/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M		X	X	X	100	2
RICHARD LEPEU	DIRECTOR	1952	21/07/2015 (***) FIRST APPOINTED: 21/07/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	-		X			100	1
GARY SAAGE	DIRECTOR	1960	21/07/2015 (***) FIRST APPOINTED: 21/07/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	-		X			100	1
EVA CHEN	DIRECTOR	1979	16/12/2015 FIRST APPOINTED: 16/12/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	-		X	X	X	100	0
VITTORIO RADICE	DIRECTOR	1957	16/12/2015 FIRST APPOINTED: 16/12/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	-		X	X	X	100	2

(*) The percentage of attendance of directors at Board meetings held during the tax year refers to (i) 13 Board meetings held from 1 January 2015 to 31 December 2015 with reference to director F. Marchetti, R. Napoleone, S. Valerio and C. Géraadin Vautrin, (ii) to 6 Board meetings held from 30 April 2015 to 31 December 2015 with reference to directors L. Zoni, R. Kunze-Conceivwitz and A. Foti, (iii) to 2 Board meetings held from 16 December 2015 to 31 December 2015 with reference to directors E. Chen and V. Radice.

(**) On this point see the subsequent paragraph 4.6. of the Report.

(***) Effective appointment from the implementation of the Merger.

Outgoing directors during the tax year

NAME	POSITION	YEAR OF BIRTH	IN OFFICE SINCE	IN OFFICE UNTIL (*)	M/m LIST	EXEC.	NON EXEC.	INDEP. CODE	INDEP. TUF	ATTENDANCE % (*)	OTHER POSITIONS (**)
ELESERINO MARIO PIOL	DIRECTOR	1931	27/04/2012 FIRST APPOINTED: 09/03/2005	30/04/2015	M		X	X	X	100	0
MARK EVANS	DIRECTOR	1957	27/04/2012 FIRST APPOINTED: 25/09/2009	30/04/2015	M		X	X	X	42.9	22
MASSIMO GIACONIA	DIRECTOR	1959	27/04/2012 FIRST APPOINTED: 16/03/2009	30/04/2015	M		X			85.7	11

(*) The percentage of participation of directors at Board meetings held during the year refers to 7 Board meetings held from 1 January 2015 to 30 April 2015.
(**) The mention refers to 25 February 2015 as the last date at which the other duties of outgoing directors were confirmed on 30 April 2015

KEY
Position: indicates whether the director is Chairman, Vice-Chairman, Chief Executive Officer, etc.
List: M/m, according to whether the director was elected from the majority (M) or minority (m) list.
Exec.: if the director can be classified as executive.
Non exec.: if the director can be classified as non-executive.
Indep. Code: if the director can be classified as independent according to the criteria set out in the Code of Conduct.
Indep. TUF: if the director meets the requirements of independence established by Article 148, paragraph 3, of the TUF (Article 144-*decies* of the Issuers' Regulation).
% BoD: shows the attendance, in percentage terms, of the director at Board meetings (the number of meetings that the director attended compared to the number of meetings held during the year, or since the director took up office, is taken into account in the calculation).
Other positions: indicates the total number of positions held in other companies listed on regulated markets (including abroad), in financial, banking and insurance companies or those of significant size.
N/A: not applicable.

The tables below show attendance figures for the committee meetings held during the year.

Composition of the committees at the date of the present Report

NAME	POSITION	E.C.	E.C. %	A.C.	A.C. % (*)	R.C.	R.C. %	C.R.C.	C.R.C. % (*)	R.P.T.C.	R.P.T.C. % (*)
ALESSANDRO FOTI	DIRECTOR	-	-	C	100			C	100	M	100
STEFANO VALERIO	VICE CHAIRMAN	-	-	M	100	M	100				
LAURA ZONI	DIRECTOR	-	-	M	100						
RICHARD LEPEU	DIRECTOR	-	-	M	100						
ROBERT KUNZE-CONCEWITZ	DIRECTOR	-	-	-	-	C	100			M	100
CATHERINE GÉRARDIN VAUTRIN	DIRECTOR	-	-	-	-	M	75	M	100	C	100
RAFFAELLO NAPOLEONE	CHAIRMAN	-	-	-	-	-		M	60		

(*) The percentage of attendance of directors who are Board members at Board meetings refers to (i) 11 Board meetings held from 30 April 2015 to 31 December 2015 with reference to directors R. Napoleone, S. Valerio, C. Gérardin Vautdrin, L. Zoni, R. Kunze-Concewitz and A. Foti; (ii) to the sole Board meeting called to appoint directors held from 11 November 2015 to 31 December 2015 with reference to director R. Lepeu.

YOOX
NET-A-PORTER
GROUP

Composition of committees before appointment of new Board of Directors

NAME	POSITION	E.C.	E.C. %	A.C.	A.C. %	R.C.	R.C. % (*)	C.R.C.	C.R.C. % (*)	R.P.T.C.	R.P.T.C. % (*)
CATHERINE GÉRARDIN VAUTRIN	DIRECTOR	-	-	M	100	M	100				
RAFFAELLO NAPOLEONE	DIRECTOR	-	-	-	-	-	-	M	100	M	100
STEFANO VALERIO	DIRECTOR	-	-	M	100	-	-	-	-	-	-
ELESERINO MARIO PIOL	DIRECTOR	-	-	-	-	C	100	M	100	M	100
MASSIMO GIACONIA	DIRECTOR	-	-	C	100	M	100	C	100	C	100

(*) The percentage of participation of directors who are Board members at Board meetings refers to 9 Board meetings held from 1 January 2015 to 30 April 2015.

KEY
E.C.: Executive Committee; C/M inserted to indicate Chairman/Member of Executive Committee.
E.C. %: shows the attendance, in percentage terms, of the director at Executive Committee meetings (the number of meetings that the director attended compared to the number of Executive Committee meetings held during the year, or since the director took up office, is taken into account in the calculation).
A.C.: Appointments Committee; C/M inserted to indicate Chairman/Member of Appointments Committee.
A.C. %: shows the attendance, in percentage terms, of the director at Directors' Appointments Committee meetings (the number of meetings that the director attended compared to the number of Directors' Appointments Committee meetings held during the year, or since the director took up office, is taken into account in the calculation).
R.C.: C/M inserted to indicate Chairman/Member of Compensation Committee.
R.C. %: shows the attendance, in percentage terms, of the director at Compensation Committee meetings (the number of meetings that the director attended compared to the number of Compensation Committee meetings held during the year, or since the director took up office, is taken into account in the calculation).
C.C.R.: C/M inserted to indicate Chairman/Member of Control and Risks Committee.
%. C.C.R.: shows the attendance, in percentage terms, of the director at Control and Risks Committee meetings (the number of meetings that the director attended compared to the number of Control and Risks Committee meetings held during the year, or since the director took up office, is taken into account in the calculation).
N/A: not applicable.
R.P.T.C.: Related-Party Transactions Committee: C/M inserted to indicate Chairman/Member of the Related-Party Transactions Committee.
R.P.T.C. %: shows the attendance, in percentage terms, of the director at Related-Party Transactions Committee meetings (the number of meetings that the director attended compared to the number of Related-Party Transaction Committee meetings held during the year, or since the director took up office, is taken into account in the calculation).

The Company's Board of Directors met 13 (thirteen) times during the year, while the Directors' Appointments Committee, the Compensation Committee, the Control and Risks Committee and the Related-Party Transactions Committee met 2 (two), 8 (eight), [7 (seven) and [3 (three) times respectively.

Maximum number of positions held in other companies

The Board did not deem it necessary to define general criteria regarding the maximum number of management and control positions in other companies that may be considered compatible with the effective performance of the role of director at the Issuer, it being understood that it is the duty of each director to assess the compatibility of director and statutory auditor positions in other companies listed on regulated markets (including abroad), in financial, banking and insurance companies or companies of a significant size, with the diligent execution of the duties assigned thereto as director of the Issuer.

During the meeting held on 9 March 2016, following an assessment of positions held by its directors in other companies, the Board concluded that the number and quality of positions held did not interfere and were therefore compatible with the effective execution of their roles as directors at the Issuer.

YOOX
NET-A-PORTER
GROUP

For information on the positions held during the year by the directors of the Issuer in other companies listed on regulated markets (including abroad), in financial, banking and insurance companies or companies of significant size, see the table below.

NAME AND SURNAME	COMPANY	MANAGEMENT AND CONTROL POSITIONS HELD
FEDERICO MARCHETTI	/	/
RAFFAELLO NAPOLEONE	FONDAZIONE ENTE CASSA DI RISPARMIO DI FIRENZE	DIRECTOR
STEFANO VALERIO	/	/
EVA CHEN	/	/
ALESSANDRO FOTI	INFRASTRUTTURE WIRELESS ITALIANE S.P.A.	DIRECTOR
	INFRASTRUTTURE WIRELESS ITALIANE S.P.A.	DIRECTOR
CATHERINE GÉRARDIN VAUTRIN	/	/
ROBERT KUNZE-CONCEWITZ	DAVIDE CAMPARI-MILANO S.P.A.	DIRECTOR
	LUIGI LAVAZZA S.P.A.	DIRECTOR
RICHARD LEPEU	COMPAGNIE FINANCIÉRE RICHEMONT SA	DIRECTOR
VITTORIO RADICE	RINASCENTE S.R.L.	DIRECTOR
	MCARTUR GLENN EUROPE LTD	VICE-PRESIDENT
GARY SAAGE	COMPAGNIE FINANCIÉRE RICHEMONT SA	DIRECTOR
LAURA ZONI	/	/

Induction Programme

The Chairman organises initiatives aimed at providing the statutory auditors taking up office during the tax year with adequate knowledge of the business sector in which the Company operates, the corporate dynamics and their development, as well as the regulatory reference framework. More specifically, meetings were scheduled at the Company's registered office and at the Interport logistics centre to present the main features of the segment in which the Company operates. These initiatives were not implemented in 2015 to enable the involvement of all the members of the Board of Directors currently in office, who - as mentioned elsewhere in this section - were appointed during the tax year under review at three separate General Meetings, the last of which took place close to year-end.

4.3 ROLE OF THE BOARD OF DIRECTORS

Pursuant to Article 15 of the articles of association, the Board of Directors – where the Shareholders' Meeting has not already made provision therein – elects the Chairman from among its members; it may also elect one or more Vice Chairmen, who will remain in their respective posts for the duration of their director's term, which expires on the date of the Shareholders' Meeting called to approve the financial statements of the last year of their term. The Vice Chairman or Vice Chairmen, where appointed, have powers of proxy in respect of the Chairman in the cases provided for by the articles of association.

Article 19 of the articles of association stipulates that the Board of Directors may delegate its own powers and functions. It may also appoint a Chief Executive Officer to which it may delegate, within the same limitations, the above powers and functions. Lastly, it may also assign specific duties to other directors. In addition, the Board of Directors may also establish one or more committees with a consulting, advisory or controlling role, in accordance with the applicable legislative and regulatory provisions. The Board of Directors has the power to appoint one or more chief executive officers.

Pursuant to Article 2381, paragraph 5, of the Civil Code, delegated bodies must report to the Board of Directors and the Board of Statutory Auditors at least once every quarter, in board meetings, on the activities carried out, the general business performance and its outlook, as well as on operations of major importance in terms of their size and characteristics carried out by the Company and its subsidiaries.

The directors report to the Board of Statutory Auditors on the activities carried out and on significant operations in terms of the financial position implemented by the Company and its subsidiaries; specifically, they relate to operations in which directors have an interest, on their own account or on behalf of others, or that are influenced by the party responsible for management and control. These activities are usually reported at board meetings and in any case at least every quarter; when particular circumstances make it appropriate to do so, they also may be reported in writing to the Chairman of the Board of Statutory Auditors.

Under Article 16 of the articles of association, Board meetings are called by the Chairman, or by the Chief Executive Officer (with notice of at least five days, and, in urgent cases, at least 24 hours) whenever it is considered necessary, or if it is requested in writing by at least a third of the directors or by the Board of Statutory Auditors, or, also individually, by each member of this Board in accordance with the applicable laws in force. The Board is convened at the registered office or elsewhere, in Italy, France, Switzerland or the United Kingdom.

Meetings are valid even if not convened as above as long as all directors and members of the Board of Statutory Auditors in office attend.

Meetings of the Board of Directors are chaired by the Chairman, or, if he/she is absent or unavailable (including physically absent from the place of the meeting), by the CEO. If both the Chairman and the CEO are absent or unavailable, the meeting is chaired by the only Vice Chairman, or the most senior Vice Chairman in terms of age, or the most senior director present in terms of age. If the Secretary is absent or unavailable, the Board of Directors designates a replacement.

Board meetings may also be held via teleconferencing or videoconferencing systems, provided that each of the participants can be identified by all the others and that each participant is able to contribute to the discussion of the agenda items in real time, as well as receive, send or view documents, and provided that the examination and voting occur at the same time in every location.

Pursuant to Article 17 of the articles of association, for the resolutions of the Board of Directors to be valid, a majority of members in office must be present; resolutions are passed with a majority of votes, without taking abstentions into account. Voting takes place by open vote.

Pursuant to Article 19 of the articles of association, the Board of Directors is vested with all powers to manage the Company, and to this end may pass resolutions or carry out measures that it deems necessary or useful to fulfil the corporate purpose, with the exception of matters reserved for the General Meeting pursuant to the laws in force and the articles of association.

Pursuant to Article 19 of the articles of association, the Board of Directors is also responsible, in accordance with Article 2436 of the Civil Code, for making decisions concerning:

- simplified mergers or demergers pursuant to Articles 2505, 2505-*bis* and 2506-*ter*, final paragraph, of the Civil Code;
- the establishment or closure of secondary offices;
- the relocation of the registered office within Italy;
- which directors serve as legal representatives;
- capital decreases following withdrawal;
- amendments to the articles of association to comply with regulatory provisions,

it being understood that these resolutions may also be taken by the Extraordinary General Meeting.

On 30 April 2015, the Board vested the Chief Executive Officer with the broadest powers for the ordinary administration of the Company - including, but not limited to, signature powers and powers of legal representation on behalf of the Company with respect to third parties and in legal matters - with the exception of decisions on the following matters, which are the specific remit of the Board of Directors and can therefore not be delegated:

- approval of the business plan and subsequent amendments or additions (and/or replacement with business plans subsequently approved by the Board of Directors);
- annual investment budget and amendments or additions thereto of more than 30% of the amount indicated in the last approved business plan and/or the last approved budget;
- debt totalling more than EUR 10,000 thousand a year where not provided for in the business plan and/or the last approved budget;
- approval of the quarterly procurement and cash budget and amendments or additions thereto of more than 30%;
- directors' remuneration pursuant to Article 2389, paragraph 2, of the Civil Code;
- granting of guarantees of any kind and nature higher than EUR 1,000 thousand;
- purchase or sale of interests in company structures, or the purchase, sale or leasing of companies, company branches or real estate;
- hiring, dismissal or changes to the employment conditions of directors with gross annual compensation of more than EUR 500 thousand
- conditions and timing of stock option plans or buy options and relative benefits;
- adoption by the Company of (or change to) any stock option plan or any share-based incentive plan or scheme in favour of employees or the granting of options or shares based thereon;
- creation of any mortgage, pledge, charge or real guarantee on all or a substantial portion of the Company's registered real estate;
- sale of all or a substantial part of shares representing the share capital of any Company subsidiary; and
- the signing by the Company of any binding agreement that is included (or could be included) in any of the matters covered above.

During the year, 13 (thirteen) Board meetings were held on the following dates: 4 February, 25 February, 18 March, 25 March, 30 March, 24 April, 29 April, 30 April, 11 May, 2 July, 30 July, 11 November and 16 December.

The minutes of the meetings were recorded.

On average, the Board meetings lasted about 15 minutes.

At least 5 (five) Board meetings are expected to take place in 2016. As well as those already held on 8 February and 9 March 2016 (the latter relating to the approval of the draft separate financial statements and consolidated financial statements for the year ended 31 December 2015), the calendar of the main company events for 2016 (already announced to the market and Borsa Italiana S.p.A. in accordance with regulatory provisions) includes a further three meetings on the following dates:

- 12 May 2016: approval of the first interim financial statements at 31 March 2016;
- 4 August 2016: approval of the half-year financial statements at 30 June 2016;
- 9 November 2016: approval of the third interim financial statements at 30 September 2016.

Pursuant to Article 16, paragraph 3, of the articles of association, the Chairman of the Board coordinates the work of the Board and ensures that adequate information on agenda items is provided to all directors. Specifically, this information must always be sufficient to allow directors to express themselves knowledgeably on the issues submitted for their review; they must be provided suitably in advance with the documentation and information relating to the draft documents to be approved, with the sole exception of cases of particular and confirmed urgency.

Since May 2015, pre-Board disclosure has been prompt and complete, thanks to a virtual platform on which the documentation is made available to members of the Board, the Board of Statutory Auditors and the committees through a reserved access system, thus enabling information and documentation to be received simultaneously by all the members of the corporate bodies and the confidentiality of the shared information to be preserved. The shared documentation also remains accessible and available to members of the Board after the meeting. The documentation is provided to the directors at least two days before the Board meeting. This deadline was complied with.

Board meetings may also be attended by managers of the Issuer and of the Group to which it now belongs to provide more in-depth information on agenda items.

***

At its meeting of 9 March 2016, the Board assessed the adequacy of the organisational, management and general accounting structure of the Issuer and the strategically important subsidiaries prepared by the CEO, with a specific focus on the internal control and risk management system and in light of the size that the Group has achieved as a result of the Merger and appointment of a new Internal Audit Merger Manager (see subsequent paragraph 11.2. of the Report). In conducting this assessment, the Board not only checked the existence and implementation of an internal control and risk management system at the Issuer and its subsidiaries, but also carried out its periodic detailed examination of the system's structure, its suitability, and its effective and actual functioning. After the Merger took effect, the Board of Directors took particular care to ensure the implementation of the internal control and risk management system in the companies entering the Group as a result of the Merger.

To this end, the Board of Directors periodically receives and examines reports prepared by the Internal Audit Manager, already examined beforehand by the Control and Risks Committee and the Chief Executive Officer, in order to check (i) if the structure of the internal control and risk management system in place within the Company is truly effective in pursuing objectives and (ii) if any weakness revealed requires the system to be improved.

Furthermore, at the meeting to approve the financial statements, the Board of Directors annually:

- examines a report on significant company risks submitted by the Chief Executive Officer and evaluates how these have been identified, assessed and managed. It pays particular attention to changes that have occurred during the year under review to the nature and extent of risks and to assessing the Issuer's and subsidiaries' response to these changes;

- assesses the effectiveness of the internal control and risk management system in combating these risks, paying particular attention to any inefficiencies that have been noted;

- considers the measures that have been put in place or must be undertaken promptly to correct this inadequacy;

- prepares further policies, processes and rules of conduct that allow the Issuer and its subsidiaries to react in an appropriate manner to new risk situations or to those not effectively managed.

***

During the year, the Board assessed the general business performance, taking into account in particular the information received from the Chief Executive Officer, and comparing the results achieved with those planned.

The Board reserves the right to approve transactions of the Company and its subsidiaries when these transactions have significant strategic, economic, capital or financial importance for the Company itself, as established in the internal procedures adopted by the Issuer.

As provided by the applicable Criterion 1.C.1. letter f) of the Code, the Issuer has adopted an internal procedure to settle reporting and procedural aspects related to operations that have specific economic, corporate and financial significance with particular reference to operations adopted by YNAP with independent parties establishing criteria that identify such operations for the purpose of granting powers to the Issuer's Board For more information on the Procedure, refer to subsequent paragraph 12.

With reference to the composition of the qualified administrative body up until 30 April 2015, on 25 February 2015, the Board of Directors in office at that date carried out the assessment, pursuant to implementation criterion 1.C.1, letter g), of the Code, deeming the composition and operation of the management body to be adequate to meet the Company's management and organisational requirements. At the same time, the Board of Directors also noted the presence, from a total of 7 (seven) members, of 6 (six) non-executive directors, including 4 (four) independent non-executive directors, whose presence also ensures the ideal composition of the committees within the Board.

With reference to the current composition of the administrative body, the Board of Directors, following the appointments made during the tax year and as part of the Merger, including following an increase in the number of members of the Board of Directors and the appointment of two additional directors decided by the Meeting of 16 December 2015, has deemed it necessary not to value the applicable Criterion 1.C.1 letter g) of the Code until the date of the present Report; such a valuation shall be made during the 2016 tax year.

The General Meeting has not authorised exceptions to the prohibition on competition provided for by Article 2390 of the Civil Code.

4.4 DELEGATED BODIES

Chief Executive Officers

The Board of Directors may appoint a Chief Executive Officer to whom it may delegate its powers and functions, within the limits of the law and the articles of association.

As of the date of this Report, Federico Marchetti holds the position of Chief Executive Officer.

On 30 April 2015, the Board of Directors vested the current Chief Executive Officer, Federico Marchetti, with the broadest powers for the ordinary administration of the Company, including, but not limited to, powers of signature and legal representation on behalf of the Company with respect to third parties and in legal matters, with the exception of decisions on matters that are the specific remit of the Board of Directors, set out in section 4.3 above.

The Chief Executive Officer is the main manager of the Issuer's operations. Note that the interlocking directorate practice set out in Criterion 2.C.5 of the Code does not apply.

Chairman and Vice Chairman of the Board of Directors

In accordance with the articles of association, the Chairman of the Board of Directors is vested with powers to chair the General Meeting, convene Board meetings and coordinate the work of the Board, as well as to serve as the Company's legal representative with respect to third parties and in legal matters.

Through a resolution of 30 April 2015, the Board of Directors appointed Director Raffaello Napoleone as Chairman of the Board of Directors.

Pursuant to Article 15 of the articles of association, the Board of Directors can elect one or more Vice Chairmen who hold this position for the duration of their mandates as directors which expire on the date of the General Meeting called to approve the financial statements for the last year of their office as a director.

Through a resolution of 30 April 2015, the Board of Directors appointed Director Stefano Valerio as Vice Chairman of the Board of Directors.

Executive Committee

The Board of the Issuer has not formed an Executive Committee from among its members.

Reporting to the Board

Pursuant to Article 19 of the articles of association, delegated bodies must report promptly to the Board of Directors at least once every quarter, during Board meetings attended by at least one representative of the Board of Statutory Auditors, on the activities carried out, the general business performance and its outlook, as well as on operations of major importance in terms of their size and characteristics carried out by the Company and its subsidiaries.

4.5 OTHER EXECUTIVE DIRECTORS

The Issuer has no other executive directors.

4.6 INDEPENDENT DIRECTORS

Pursuant to article 14-*ter*, paragraphs 4 and 148 of the TUF and to Article 3 of the Code, the Board of Directors currently comprises 7 (seven) independent directors who are Raffaello Napoleone, who acts as chairmen of the Board of Directors, Eva Chen, Alessandro Foti, Cathérine Gérardin Vautrin, Robert Kinze-Concewitz, Laura Zoni and Vittorio Radice, who:

(i) do not control the Issuer, directly or indirectly, even through subsidiaries, fiduciary companies or third parties, nor are able to exercise a significant influence on it;

(ii) do not belong, directly or indirectly, to any shareholders' agreement, through which one or more parties may exercise control or significant influence over the Issuer;

(iii) are not, and have not been in the last three years, important representatives of the Issuer, one of its subsidiaries with strategic importance, a company under joint control with it, a company or an organisation that, also jointly with others through a shareholders' agreement, controls the Issuer or is able to exercise significant influence thereon;

(iv) do not have, and did not have in the previous year, directly or indirectly (for example through subsidiaries or companies for which they are important representatives, in the sense indicated in point (iii) above, or as a partner in a professional or consultancy company), a significant commercial, financial or professional relationship: (a) with the Issuer, with one of its subsidiaries, or with any important representatives, in the sense indicated in point (iii) above, of the same; (b) with a party that, also jointly with the others through a shareholders' agreement, controls the Issuer, or – if it is a company or organisation – with important representatives, in the sense indicated in point (iii) above, of the same or does not have or has not had, in the previous three years, a work relationship with the above;

(v) without prejudice to point (iv) above, do not have independent or subordinate work relationships, or other financial or professional relationships that would compromise their independence: (a) with the Issuer, with its subsidiaries or parent companies or with its joint ventures; (b) with the directors of the Issuer; (c) with their spouses or close relatives up to the fourth degree of directors of the Company as set out in point (a) above;

(vi) do not receive, and have not received in the last three years, from the Issuer, a subsidiary or parent, significant additional remuneration on top of the "fixed" fee received as non-executive director, including participation in company performance-linked incentive plans, including share-based schemes;

(vii) have not been directors of the Issuer for more than nine years in the last 12 years, except for the independent director Raffaello Napoleone;

(viii) do not hold the position of executive director in another company in which an executive director of the Issuer holds the post of director;

(ix) are not shareholders or directors of a company or organisation belonging to the network of the company responsible for auditing the Issuers' accounts;

(x) have no family ties to a person in one of the situations set out above and in any case are not spouses or close relatives up to the fourth degree of the directors of the Issuer, its subsidiaries, its parent companies and its joint ventures.

The Board assesses whether the requirements above are met and will continue to be met, based on the information that interested parties are responsible for providing, or the information in any case available to the Board.

The requirements of independence set out in Article 3 of the Code and Article 147-*ter*, paragraph 4, of the TUF for the independent directors currently in office are verified periodically by the Board.

Please note that on 25 February 2015, the Board of Directors in office on that date verified the requirements of independence regarding the independent directors pursuant to Criterion 3.C.4 of the Code. At this meeting, the independent directors were obliged to maintain their independence during the duration of the mandate and, in any event, to promptly inform the Board of Directors regarding any situations that could compromise their independence. Also note that, pursuant to Article 12, paragraph 2 of the articles of association "independent directors pursuant to Article 147-*ter*, indicated as such at the time of their appointment, must immediately notify the Board of Directors of any change to the requirements of independence; a director forfeits their office if within the Board the minimum number of directors in possession of the requirements of independence required by the laws in force cease to exist".

At its meeting of 30 April 2015, following the appointment of the new management body by the Ordinary General Meeting of the same date, the Board made an assessment and verified that each of the independent directors fulfil the independence requirements and decided to reject the criterion 3.1 point e) of the Code with reference to independent director Raffaello Napoleone. In this regard it should be noted that the same evaluation was conducted by the Board on 16 December 2015, following the appointment of independent directors Eva Chen and Vittorio Radice by the ordinary shareholders' meeting also on 16 December.

With reference to the current composition of the administrative body, the Board of Directors deemed it appropriate not to proceed with the assessment of application criterion 3.C.4. of the Code until the date of this Report, taking into consideration the fact that this assessment was already carried out at the appointment of each independent director as well as at the various and recent appointments that took place during the year and also as part of the Merger, most recently including the increase in the number of members of the Board of Directors and the appointment, at the same time, of two further independent directors approved by the Shareholders' Meeting of 16 December 2015. This assessment will take place during 2016.

With reference to the current composition of the administrative body, the Board of Directors deemed it necessary to assess the application criteria 3.C.4 of the Code during tax year 2016, given that such an assessment was made at the appointment of each independent director during tax year 2015 at the Merger and – subsequently – following the decision of the General Meeting of Shareholders on 16 December 2015 and the concurrent appointment of two new independent directors who able to confirm that they met the requirements of independent at the said date.

Please note that Independent director Raffaello Napoleone currently owns 14,555 YNAP ordinary shares and that Independent advisor Robert Kunze –Concewitz owns 4,000 YNAP ordinary shares.

At the Board meeting of 9 March 2016, with reference to independent directors Raffaello Napoleone, Eva Chen, Alessandro Foti, Catherine Gérardin Vautrin, Robert Kunze-Concewitz, Vittorio Radice and Laura Zoni, the Board of Statutory Auditors stated that the verification criteria and procedures adopted by the Board of Directors to assess independence requirements at their respect appointment were applied correctly.

The independent directors in office until 30 April 2015, met 2 times (twice) during the year at meetings for the Control and Risks Committee, specifically on 12 February and 11 March 2015. Most of the matters discussed were also addressed by the Control and Risks Committee, as well as subjects connected to the Company's management organisation. After 30 April 2015 and until the date of the present Report there were no further meetings of the independent directors appointed during 2015 in the absence of other directors. In this respect, certain directors have been recently appointed and most of them sit on one or more committees within the Board of Directors.

4.7 LEAD INDEPENDENT DIRECTOR

Although the current composition of the Board of Directors does not reflect the facts taken into account by implementation criterion 2.C.3 of the Code, the Board nevertheless thought it appropriate to appoint a Lead Independent Director on 30 April 2015, namely director Robert Kunze-Concewitz. Mr Kunze-Concewitz serves as a point of reference and coordination for the non-executive directors, and particularly the independent directors, partly to help maintain continuity in the corporate governance structure maintained by the Issuer since the listing as well as in view of the present of a large number of independent directors.

The Lead Independent Director is an independent director with appropriate financial and accounting expertise. He is Chairman of the Compensation Committee and a member of the Related-Party Transactions Committee.

5. HANDLING OF COMPANY INFORMATION

PROCEDURE FOR PUBLISHING PRIVILEGED INFORMATION

At its meeting of 16 December 2015, the Board of Directors of YOOX NET-A-PORTER GROUP amended the "Procedure for publishing privileged information" adopted by the Company on 3 September 2009, to transpose changes that have taken place in the applicable standards and regulations and to take account of the Group's increased size due to the Merger. The procedure to publish privileged information serves as information communicated by YNAP to all subsidiaries as defined by and pursuant to Article 114, paragraph 2 of the TUF. The procedure monitors access to and the circulation of privileged information before it is announced to the public, ensures compliance with confidentiality obligations provided for by law and regulations, and regulates the internal management and external communication of this information.

The Chief Executive Officer, the Director of Administration, Finance and Control and the Investor Relations department of the Issuer ensure that privileged information is communicated to the market in the appropriate manner, in compliance with this procedure.

The Investor Relations department, informed by the Group's senior management or in any case aware of the important facts concerning the Company or its subsidiaries, liaises with the Chief Executive Officer, the Director of Administration, Finance and Control and the Corporate Affairs Manager to check legal obligations and, in particular, whether information should be regarded as privileged.

To ensure the management of privileged information within the Group, the procedure for publishing privileged information was provided to the managing directors of the main subsidiaries, which are those companies controlled by YNAP pursuant to Article 93 of the TUF, or that will be classified as subsidiaries in accordance with the accounting principles applicable from time to time or included in the scope of consolidation. As well as the above procedure, the main subsidiaries were sent appropriate instructions so that they can provide all the information needed to fulfil the reporting requirements established by law and the procedure.

The task of managing privileged information relating to the subsidiaries is assigned to the managing directors of these companies, who must inform the Director of Administration, Finance and Control and the YNAP Investor Relations department promptly of any information that, based on their valuation, may constitute privileged information pursuant to this procedure.

The Investor Relations department, having been notified about the privileged information by the managing directors of the subsidiaries, liaises with the Director of Administration, Finance and Control and the Company Affairs Manager to check legal obligations and, in particular, whether information should be regarded as privileged.

If the information is judged to be confidential or the laws in force require it to be communicated to the public, the Investor Relations department prepares a press release, assisted by the Director of Administration, Finance and Control, who, aided by the Corporate Affairs Manager, ensures that this contains the requirements provided for by the relative legislation in force.

The text of the press release must be submitted to the Chief Executive Officer, and, if necessary, the Board of Directors, for final approval before it is published, subject to certification, for press releases relating to accounting information, by the Director responsible for preparing the financial statements, pursuant to Article 154-*bis* of the TUF.

The press release is entered in the SDIR-NIS circuit (system for the transmission of regulated information) and is sent in this way to Consob and at least two news agencies. Furthermore, YOOX NET-A-PORTER GROUP ensures that the press release is published in the appropriate sections on the Company website, www.ynap.com, "by the opening of the market the day after the publication date" and that this information remains there for a minimum period of five years.

The procedure is available on the Company website at www.ynap.com (under Governance/Documents, Principles and Procedures/Procedures).

PROCEDURE FOR THE MANAGEMENT OF THE GROUP REGISTER OF INDIVIDUALS WITH ACCESS TO PRIVILEGED INFORMATION

With particular reference to the obligation for listed issuers, for companies controlled by them and for persons who act in their name or on their behalf, to create and manage a register of persons with access to privileged information pursuant to Article 115-*bis* of the TUF and Articles 152-*bis and subsequent articles* of the Issuers' Regulation, at its meeting of 3 September 2009, the Board of Directors passed a resolution to adopt a "Procedure for the management of the Group register of persons with access to privileged information". The procedure was updated at the Board meeting of 16 December 2015, partly to take account of the Group's increased size due to the Merger. The Procedure to manage the Group's Register of individuals who have access to privileged information denotes information communicated by YNAP to all subsidiaries as defined by and pursuant to Article 114, paragraph 2 of the TUF.

The procedure is available on the Company website at www.ynap.com (under Governance/Documents, Principles and Procedures/Procedures).

INTERNAL DEALING PROCEDURE

Regarding the management of information requirements resulting from the Internal Dealing regulations pursuant to Article 114, paragraph 7 of the TUF and Articles 152-*sexies*, 152-*septies* and 152-*octies* of the Issuers' Regulation, at its meeting of 3 September 2009, the Issuers' Board passed a resolution to adopt a Procedure to comply with the obligations in respect of internal dealing (the "Internal Dealing Procedure"), intended to ensure the utmost transparency and uniformity of information provided to the market. The procedure was updated at the Board meeting of 16 December 2015 to take account of changes in the applicable standards and regulations, as well as the Group's increased size due to the Merger. The Internal Dealing Procedure denoted information communicated by YNAP to all subsidiaries a defined by and pursuant to Article 114, paragraph 2 of the TUF.

The procedure is available on the Company website at www.ynap.com (under Governance/Documents, Principles and Procedures/Procedures).

The details of the transactions carried out during the course of the year, which require notification pursuant to the Internal Dealing Procedure, are available on the Company website at www.ynap.com (under Governance/Documents, Principles and Procedures/Internal Dealing).

6. BOARD COMMITTEES

The Board has formed the Directors' Appointments Committee, the Compensation Committee and the Control and Risks Committee from among its members.

No committee performing the functions of two or more committees provided in the Code were formed.

Consequently, the membership of the government committees at the date of the present Report as that of the previous committees at the appointment of the new director of the Board approved by the meeting of shareholders at 30 April 2015 are indicated.

Composition of Board committees at the date of the present Report

COMMITTEE	NAME	POSITION	INDEP. CODE	INDEP. TUF
DIRECTORS' APPOINTMENTS COMMITTEE	ALESSANDRO FOTI	COMMITTEE CHAIRMAN	X	X
	RICHARD LEPEU (*)	COMMITTEE MEMBER		
	STEFANO VALERIO	COMMITTEE MEMBER		
	LAURA ZONI	COMMITTEE MEMBER	X	X
COMPENSATION COMMITTEE	ROBERT KUNZE-CONCEWITZ	COMMITTEE CHAIRMAN	X	X
	CATHERINE GÉRARDIN VAUTRIN	COMMITTEE MEMBER	X	X
	STEFANO VALERIO	COMMITTEE MEMBER		
CONTROL AND RISKS COMMITTEE	ALESSANDRO FOTI	COMMITTEE CHAIRMAN	X	X
	CATHERINE GÉRARDIN VAUTRIN	COMMITTEE MEMBER	X	X
	RAFFAELLO NAPOLEONE	COMMITTEE MEMBER	X (**)	X

(*) Richard Lepeu was appointed a member of the Directors' Appointment Committee on 11 November 2015
(**) On this point see the previous paragraph 4.6 of the Report.

Composition of the committees in office until 30 April 2015

COMMITTEE	NAME	POSITION	INDEP. CODE	INDEP. TUF
DIRECTORS' APPOINTMENTS COMMITTEE	MASSIMO GIACONIA	COMMITTEE CHAIRMAN	X	X
	CATHERINE GÉRARDIN VAUTRIN	COMMITTEE MEMBER	X	X
	STEFANO VALERIO	COMMITTEE MEMBER		
COMPENSATION COMMITTEE	ELSERINO MARIO PIOL	COMMITTEE CHAIRMAN	X	X
	CATHERINE GÉRARDIN VAUTRIN	COMMITTEE MEMBER	X	X
	MASSIMO GIACONIA	COMMITTEE MEMBER	X	X
CONTROL AND RISKS COMMITTEE	MASSIMO GIACONIA	COMMITTEE CHAIRMAN	X	X
	RAFFAELLO NAPOLEONE	COMMITTEE MEMBER	X	X
	ELSERINO MARIO PIOL	COMMITTEE MEMBER	X	X

7. DIRECTORS' APPOINTMENTS COMMITTEE

The Directors' Appointments Committee was originally set up on 7 October 2009, implementing a Board resolution dated 3 September 2009, subject to the start of trading in the ordinary shares on the MTA.

At the date of the present Report, the Directors Appointment Committee comprises 4 (four) non executive directors, 2 (two) of whom are independent, as indicated below, on the understanding that the Directors Appointment Committee was established by the decision of the Board dated 30 April 2015 and that Richard Lepeu was appointed on 11 November 2015 as provided by the Shareholders' Agreement (see the previous paragraph 2, letter g) of the Report):

- Alessandro Foti – Independent Director – Chairman;
- Richard Lepeu – Non-Executive Director;

- Stefano Valerio – Non-Executive Director;
- Laura Zoni – Independent Director.

For details of the composition of the Directors' Appointments Committee before 30 April 2015, see the summary in section 6 above.

However, following the appointment of the non-executive director Richard Lepeu, at the date of the present Report, the composition of the Directors' Appointments Committee does not reflect the instructions of principle 5.P.1 of the Code which recommends the presence of mostly independent directors on the Board of Directors. In the light of the foregoing and given the appointment of two new independent directors on the Board on 16 December 2015 as well as in the light of the content of the previous paragraph 4.3 of the Report on the self-evaluation of the Board of Directors, the latter shall assess the composition of the Directors Appointment Committee during the 2016 tax year.

On 8 February 2016, the Board of Directors approved a regulation governing the operation and tasks of the Directors' Appointments Committee, in accordance with the provisions of the Code, expressly specifying that the work of the committee would be coordinated by a Chairman and that the minutes meetings would be recorded.

FUNCTIONS ATTRIBUTED TO THE DIRECTORS' APPOINTMENTS COMMITTEE

The Directors' Appointments Committee recommends that directors are appointed following procedures that ensure transparency and a balanced composition of the Board of Directors, guaranteeing, in particular, the presence of a sufficient number of independent directors.

The Directors' Appointments Committee is responsible for the duties set out in Article 5.C.1, letter b), of the Code and, specifically, for proposing candidates to the Board of Directors for co-option to the office of director if independent directors need replacing.

***

During the tax year, 2 (two) Board meetings were held on the following dates. On 25 February 2015, the committee met to formulate a proposal for the Board of Directors relating to the approval of guidelines for the presentation of candidate lists for the renewal of the Board of Directors, to be resolved upon by the General Meeting called to approve the 2014 financial statements. On 11 November 2015, the Directors' Appointments Committee met to assess the candidate applications to be submitted to the Board of Directors, in the context of the increase in the number of its members.

The minutes of these meetings of the Directors' Appointments Committee were duly recorded and the meetings lasted an average of 30 minutes.

***

In performing its functions, the Directors' Appointments Committee has access to the information and Company departments necessary to fulfil its duties, and may also use external consultants, within the terms established by the Board.

No financial resources were allocated to the Directors' Appointments Committee since, in performing its duties, it makes use of the resources and company structures of the Issuer.

8. COMPENSATION COMMITTEE

The Compensation Committee was originally set up on 7 October 2009, implementing a Board resolution of 3 September 2009 and subject to the Start of Trading of ordinary shares on the MTA, pursuant to Article 2.2.3, paragraph 3, letter n), of the Stock Exchange Regulation for issuers qualifying for the STAR segment (in which the Issuer was listed until 10 August 2015) and in accordance with the Code of Conduct.

At the date of the present Report, the Compensation Committee comprises 3 (three) non executive directors, 2 (two) of whom are independent, as mentioned below, on the understanding that the Compensation Committee was set up pursuant to the decision taken by the Board on 30 April 2015:

- Robert Kunze-Concewitz – Independent Director - Chairman;
- Catherine Gérardin Vautrin – Independent Director;
- Stefano Valerio – Non-Executive Director;

All the members of the Compensation Committee have experience in finance or on the subject of remuneration policies deemed to be adequate by the Board at the time of their appointment.

For details of the composition of the Compensation Committee before 30 April 2015, see the summary in section 6 above.

On 8 February 2016, the Board of Directors approved a regulation governing the operation and tasks of the Compensation Committee, in accordance with the provisions of the Code, expressly specifying that the work of the committee would be coordinated by a Chairman and that the minutes of the meetings would be recorded. No director takes part in Compensation Committee meetings in which Board proposals are put forward relating to their own remuneration.

FUNCTIONS ATTRIBUTED TO THE COMPENSATION COMMITTEE

The Compensation Committee has a consulting and advisory role, with its main duty being to submit proposals to the Board of Directors regarding the remuneration policy, including stock option or share granting plans, the remuneration of the Chief Executive Officer and directors holding specific positions, and, following the recommendations of the Chief Executive Officer, to determine criteria for the remuneration of managers with strategic responsibilities.

The creation of this committee ensures the wide disclosure of information and transparency regarding remuneration due to the Chief Executive Officer, as well as the procedures through which this is determined. It is however understood that, in accordance with Article 2389, paragraph 3, of the Civil Code, the Compensation Committee only holds a consulting role, while the power to determine directors' remuneration with specific duties remains vested in the Board of Directors, having heard the opinion of the Board of Statutory Auditors.

The Compensation Committee is responsible for the duties set out in Article 6 of the Code, and specifically:

- it proposes the adoption of the remuneration policy for directors and managers with strategic responsibilities;
- it periodically evaluates the adequacy, overall consistency and practical application of the remuneration policy for directors and managers with strategic responsibilities, making use, for the latter, of the information supplied by the Chief Executive Officer; it formulates proposals on the subject and submits them to the Board of Directors;
- it submits proposals or gives advice to the Board of Directors on the remuneration of executive directors or other directors who hold specific offices, as well as the setting of performance targets related to the variable component of this remuneration; it monitors the application of the decisions taken by the Board, verifying, in particular, that the performance targets have been met.

The Compensation Committee is also assigned duties in relation to the management of any incentive plans approved by the relevant Company management bodies.

***

During the tax year, the Compensation Committee met 8 (eight) times on the following dates: 23 February, 18 March, 24 and 28 April, 11 May, 30 July, 1 October and 16 December 2015.

The minutes of the meetings of the Compensation Committee were duly recorded and the meetings lasted an average of 50 minutes. At the invitation of the Chairman, members external to the committee, such as the Company's Chief Financial and

Corporate Officer, the Head of Human Resources and the Corporate Affairs Manager, also attend Compensation Committee meetings.

The Chairman of the Statutory Auditors participated in the work of the Compensation Committee.

During the year, the Compensation Committee mainly gave its opinion on the following matters: (a) changes to the exercise conditions of options relating to the 2012-2015 stock option plan; (b) changes to the Company's remuneration policy, originally adopted on 7 March 2012, amended on 5 March 2013 and confirmed on 5 March 2014; (c) allocation to the CEO and the strategic managers of additional and extraordinary cash compensation for duties performed during the Merger; d) the signing of a management contract with the CEO; e) definition of the short-term objective for allocation of variable annual compensation for the CEO and the strategic managers; (f) proposal to adopt the 2015-2025 Stock Option Plan for directors, executives and employees of YOOX NET-A-PORTER GROUP S.p.A. and its directly and indirectly controlled subsidiaries.

During the year, the Compensation Committee used the services of specialist consulting firm Spencer Stuart to conduct an enquiry to analyse the salary structure of the Chief Executive Officer in relation to a set of comparable companies, in order to check the alignment of the Chief Executive Officer's remuneration with that of the market. The Compensation Committee verified the independence of the consultancy firm beforehand.

During 2016, at least 3 (three) meetings of the Compensation Committee, including the one on 29 February 2016 are planned.

***

In performing its functions, the Compensation Committee has access to the information and Company departments necessary to fulfil its duties, and may also use external consultants, within the terms established by the Board.

No financial resources were allocated to the Compensation Committee since, in performing its duties, it makes use of the resources and company structures of the Issuer.

9. DIRECTORS' REMUNERATION

Directors' remuneration is set by the General Meeting. Pursuant to Article 20, paragraph 3, of the articles of association, the General Meeting may determine a total amount for the remuneration of all directors, including those holding particular functions; this amount is then divided by the Board of Directors, having heard the opinion of the Board of Statutory Auditors, for granting to directors with particular functions, pursuant to Article 2389, paragraph 3, of the Civil Code.

On 30 April 2015, the Ordinary General Meeting set the overall annual compensation to be paid to the Board of Directors for the term of office at EUR 680 thousand, in addition to the reimbursement of expenses incurred by its members in performing the office, reservation made in any case of compensation for directors vested with special offices pursuant to Article 2389, paragraph 3, of the Civil Code, which is to be understood as not included in the above amount, and any special compensation for special offices. The total remuneration to the Board of Directors will remain unchanged until the General Meeting resolves otherwise. On 30 April 2015, the Board divided the total annual remuneration between its members.

For information on the Remuneration Policy adopted by the Issuer and compensation received by members of the Board of Directors during the year, please see the remuneration report prepared pursuant to Article 123-*ter* of the TUF and Article 84-*quater* of the Issuers' Regulation available within the legal deadlines in the Governance section of the Company website at www.ynap.com (Governance section).

***

Incentive schemes are planned for executive officers and directors with strategic responsibilities. For more information on stock option plans in force on 31 December 2015, please refer to the information documents drafted as per Article 84-*bis* of the Issuer's regulations filed at the company's head office and available on the company's website at www.ynap.com (Governance section) and the report on compensation as per Article 84-q*uater* of the Issuer's regulations available as stipulated by lax on the company's website at www.ynap.com (Governance section).

***

INCENTIVE SCHEMES FOR THE INTERNAL AUDIT MANAGER AND THE DIRECTOR RESPONSIBLE FOR PREPARING THE FINANCIAL STATEMENTS

The incentive schemes for the Internal Audit Manager and the Director responsible for preparing the financial statements are consistent with the tasks assigned to them.

10. CONTROL AND RISKS COMMITTEE

The Issuer established the Control and Risks Committee from members of the Board.

The Control and Risks Committee was originally set up on 7 October 2009, implementing a Board resolution of 3 September 2009 and subject to the Start of Trading of ordinary shares on the MTA, pursuant to Article 2.2.3, paragraph 3, letter n), of the Stock Exchange Regulation for issuers qualifying for the STAR segment (in which the Issuer was listed until 10 August 2015) and in accordance with the Code of Conduct.

The current Control and Risks Committee was established by a Board resolution of 30 April 2015 and comprises 3 (three) non-executive directors, all of whom are independent, namely:

- Alessandro Foti – Independent Director – Chairman;
- Catherine Gérardin Vautrin – Independent Director;
- Raffaello Napoleone – Independent Director.

All the members of the Control and Risks Committee have experience in accounting and finance deemed adequate by the Board at the time of their appointment.

For details of the composition of the Control and Risks Committee before 30 April 2015, see the summary in section 6 above of the present Report.

On 8 February 2016, the Board of Directors approved a regulation governing the operation and tasks of the Control and Risks Committee, in accordance with the provisions of the Code, expressly specifying that the work of the committee would be coordinated by a Chairman and that the minutes of the meetings would be recorded.

FUNCTIONS ATTRIBUTED TO THE CONTROL AND RISKS COMMITTEE

The Control and Risks Committee has a consulting and advisory role supporting the Board of Directors. Specifically, the Committee:

- evaluates, together with the Director responsible for preparing the financial statements and on the advice of the Independent Auditor and the Board of Statutory Auditors, the correct use of the accounting standards adopted and, in the case of groups, their consistency for the purposes of preparing the consolidated financial statements;
- expresses opinions on specific aspects pertaining to the identification of the main corporate risks;
- examines the periodic reports on the evaluation of the internal control and risk management system and those of particular importance prepared by the Internal Audit department;
- monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit department;
- can ask the Internal Audit department to conduct audits in specific operating areas, at the same time notifying the Chairman of the Board of Statutory Auditors;

- reports to the Board, at least twice a year, on the approval of the annual and half-year financial report, on the activity conducted as well as the adequacy of the internal control and risk management system.

The Control and Risks Committee must carry out its duties in coordination with the Board of Statutory Auditors, the Director in charge and the Internal Audit Manager.

***

During the tax year, the Control and Risks Committee met 7 (seven) times on the following dates: 12 February, 11 March, 11 May, 22 June, 21 July, 23 September and 4 November 2015, addressing the following points:

- review of the competence, autonomy and organisational adequacy of the Group's internal audit structure and positive assessment of the adoption of the "YOOX Group Internal Audit Department Mandate" for subsequent approval by the Board;

- approval of the Audit Plan prepared for the year by the Internal Audit Manager;

- examining and evaluating the completeness and adequacy of the plan of activities of the YOOX Group Internal Audit department for the year and the methods used in its definition, with a particular focus on the new Group structure after the Merger;

- examining the periodic reports prepared by the Internal Audit department for the year on the evaluation of the internal control and risk management system relating to areas subject to audit, as well as the related corrective actions shared with the managers and the outcome of the follow-up activities carried out;

- reviewing the results of activities carried out by the Director responsible for preparing the financial statements, performed with the support of the Internal Audit department, monitoring the adequacy and full operation of the internal control system under the scope of administration-accounting for compliance pursuant to Law 262/05, in relation to the annual report as at 31 December 2014 and the half-year report as at 30 June 2015;

- evaluating, together with the Director responsible for preparing the financial statements and on the advice of the Independent Auditor and the Board of Statutory Auditors, the correct use of the accounting principles and their consistency for the purpose of preparing the consolidated financial statements, as well as the process for producing the draft budget as at 31 December 2014 and the half-year financial report as at 30 June 2015;

- reviewing the results of the activities of YOOX's Supervisory Body with the support of the Internal Audit department in relation to checks on the adequacy of the Organisational Model, pursuant to Legislative Decree 231/01, and monitoring the correct and full operation of the internal control system overseeing the offence risks to which the Decree refers;

- appointing the Internal Audit Manager;

- approving changes to the Related-Party Procedure.

At its meetings of 25 February and 30 July 2015, the Chairman of the Control and Risks Committee reported to the Board of Directors on the activities carried out and the adequacy of the internal control and risk management system.

The Chairman or a member of the Board of Statutory Auditors, the Director responsible for preparing the financial statements, the Internal Audit Manager, the Supervisory Body pursuant to Legislative Decree 231/01 and the Independent Auditor also took part in the meetings of the Control and Risks Committee that took place over the financial year. The presence of these supervisory and corporate control bodies, permanently required by the Control and Risks Committee, has allowed the main aspects relating to the identification of corporate risks to be communicated and shared.

The minutes of meetings of the Control and Risks Committee were duly recorded and the meetings lasted approximately an average of one hour and a half.

At least 5 (five) meetings of the Control and Risks Committee are expected to take place in 2016. As well as the meeting of 8 February and 29 February 2016 - where, amongst other things, the impairment testing process and the adequacy of the internal control and risk management system were discussed - another 3 (three) meetings are scheduled for the following dates: 6 May, 30 July and 27 October 2016.

At the meeting of 8 February 2016, the Committee also approved the audit plan for 2016 and planned the timetable of meetings for the year, while at the meeting of 29 February it took note of the activities carried out by the Internal Audit Manager relating to the audit plan for the year and the activities carried out by the Director responsible for preparing the financial statements of the Issuer for compliance pursuant to Law 262/05 and the by the Supervisory Body for compliance pursuant to Legislative Decree 231/01.

***

In performing its functions, the Control and Risks Committee has access to the information and company departments necessary to fulfil its duties, and may also use external consultants.

No financial resources were allocated to the Control and Risks Committee since, in performing its duties, it makes use of the resources and company structures of the Issuer.

11. THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system is the totality of rules, procedures and organisational structures that allow the Company, through an appropriate process of identification, measuring, management and monitoring of the main risks, to be managed in a sound and correct manner, in line with preset objectives. An effective internal control and risk management system helps to ensure the protection of corporate capital, the efficiency and effectiveness of company operations, the reliability of financial information and compliance with laws and regulations.

The Board of Directors guides and assesses the adequacy of the internal control and risk management system. To this end, the Board:

a) defines the guidelines for the internal control and risk management system, so that the main risks relating to the Issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, in line with the management of the business consistent with the strategic objectives identified;

b) periodically checks, at least on an annual basis, the adequacy of the internal control and risk management system in relation to the characteristics of the business, as well as its effectiveness;

c) annually approves the work plan prepared by the Internal Audit Manager, having consulted the Board of Statutory Auditors and the Director in charge of the internal control and risk management system;

d) describes the main characteristics of the internal control and risk management system, in the report on corporate governance and ownership structure, expressing an opinion on its adequacy;

e) evaluates, having consulted the Board of Statutory Auditors, the results presented by the Independent Auditor in any management letter and in the report on the fundamental questions arising during the statutory audit.

In performing these duties, the Board works with the Director in charge of the internal control and risk management system with the duties listed below, and a Control and Risks Committee.

The Director in charge has been identified as the Chief Executive Officer, Federico Marchetti. For information on the Director in charge please see section 11.1.

***

The structured and formalised models established by the Issuer for the management of internal controls and company risks are the following:

- Group Strategic Risk Management Policy and Model, with reference to the definition of guidelines for the internal control and risk management system, guaranteeing the traceability of the strategic decision-making process and the taking of conscious business risks, based on acceptable risk;

- Model pursuant to Law 262/05 with reference to the attributions related to the person of the Director responsible for preparing the financial statements and activities relating to the organisation, formalisation and verification of adequacy and effective operation of administrative-accounting procedures and procedures for the preparation of financial reports;

- Organisation and Management Model with reference to the prevention of offences pursuant to Legislative Decree 231/01, the appointment and the attributions of the Supervisory Body pertaining to the Issuer;

- Occupational Health and Safety Management System compliant with British Standard OHSAS 18001:2007 certified by a third party, in order to fulfil the requirements defined by health and safety standards in the workplace, with special reference to Legislative Decree 81/08;

- Environmental Management System that complies with standard UNI EN ISO 14001:2004 and is integrated with the Occupational Health and Safety Management System, certified by authorised third parties, in compliance with environmental regulatory requirements;
- Group Planning and Control Model, with the aim of directing and guaranteeing the alignment of management with the economic and financial objectives defined by senior company managers;

- Information security management system based on International Standard ISO/IEC 27001 for managing risks relating to the confidentiality, integrity and availability of corporate information (including the management of risks pursuant to Legislative Decree 196/2003), with the supervision of an Information Risks Committee which dictates the guidelines.

In addition to what has been specified above, at a control level, the Issuer has:

- a Code of Ethics, which defines the collection of values recognised, accepted and shared by the YOOX NET-A-PORTER GROUP community at all levels in carrying out business activities, and which prescribes behaviour in line with these values;

- objectives, responsibilities and roles defined and formalised under the scope of the organisation of the Group;

- powers and proxies consistent with the organisational responsibilities assigned;

- a business model on the major regulatory issues, that the Group and the businesses are aware of;

- a body of company procedures to govern the main corporate processes, or the most risky processes in terms of compliance with legal provisions.

- a Group "Anti-Corruption Compliance Programme", which identifies relevant rules on corruption for the foreign companies and sets expected standards of conduct and control, as well as defining responsibility for implementing checks to ensure compliance and for dedicated training activities.

In addition, a key role in the management of internal controls and company risks is carried out by corporate functions which, although not mentioned above, carry out second- and third-level checks on company processes; in other words they provide assistance and consulting services to other departments (e.g. the Legal Department, Tax & Corporate Affairs, Management Control, Prevention and Protection Service, Internal Audit, etc.).

In general, the risk management and internal control models mentioned above deal with making reliable and timely information available to support decision-making processes (management, senior management) and to support the control and supervisory bodies.

***

MAIN FEATURES OF THE EXISTING RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS IN RELATION TO THE FINANCIAL INFORMATION PROCESS

The internal control and risk management system, among its fundamental elements, includes the internal control system relating to the financial reporting process. The latter aims to guarantee reliability, accuracy, integrity and promptness in the preparation and communication of financial information.

The "262 Model" of the Group, established in 2009 and constantly updated, comprises the following macro elements:

- the design of a workflow model, procedures and risk control matrices for each company process for each Company within the scope of consolidation;

- a system of internal certification to the Director responsible for preparing the financial statements on the completeness, accuracy and reliability of the information provided to the management functions for the preparation of financial reports, as well as on the effectiveness of the control procedures with accounting significance established within each structure;

- monitoring of the Model – testing of the adequacy and effectiveness of key controls and procedures defined, in relation to the preparation of the annual and half-year financial reports, based on an analysis of the materiality of the accounting entries;

- identification of the corrective actions, follow-ups and reporting – definition and sharing of the corrective actions with management, verification of their effective implementation, preparation of reports for the Director responsible for preparing the financial statements and for the supervisory and control bodies;

- updating of the Model and related documents, based on corporate, organisational and process changes which have taken place.

The methods followed for the design and performance of the checks on Model 262 are aligned with international best practices and guarantee full traceability.

With regard to the identification and assessment of financial disclosure risks, the Issuer carries out its own analyses and auditing activities on the Parent Company, YOOX NET-A-PORTER GROUP S.p.A., and on the subsidiaries with revenue levels and assets above a predefined materiality threshold, and on the management of inter-company relations. Rotating analyses and audits are also carried out on other subsidiaries on the basis of qualitative considerations, regardless of their quantitative contribution to the formation of the consolidated financial statements.

The risks detected and assessed in accordance with international practices on the subject of risk assessment involve both operating processes supplying the general ledger entries, and the budget estimates and statements, with a view to both the prevention of accuracy and completeness errors and the prevention of fraud. The evaluation of the "inherency" of risks is qualitative, conducted both with reference to the materiality and nature of the accounting entries, and with reference to the frequency of the operations supplied.

With regard to the identification and evaluation of controls in the light of risks identified, Model 262 takes into consideration both preventive controls and detective and second-level controls on processes supplying accounting entries and estimates. The evaluations made of the adequacy and effectiveness of controls for mitigating risks are qualitative, based on the outcome of tests carried out during the course of Model monitoring activities.

The monitoring activities are concentrated on operating processes related to material accounting entries, for the identification of which a preliminary scope analysis is carried out annually. Ad hoc checks are also carried out on activities related to the accounting closing and consolidation entries, which the Company documents, allocates in terms of responsibility for performing and authorises through a dedicated IT program, ensuring that they are complete and accurate.

Having established Model 262 in its fundamental design elements in 2009, the Director responsible for preparing the financial statements gives an annual mandate to the Internal Audit department to carry out periodic monitoring, maintenance and updating of the actual Model. The sharing of the planning and finalisation of the activities carried out on the Model between the Director responsible for preparing the financial statements and the Internal Audit department takes place at least twice a year.

The Director responsible for preparing the financial statements and the Internal Audit Manager report periodically to the Control and Risks Committee, to the Board of Statutory Auditors, to the Director in charge of the internal control and risk management system and to the Supervisory Body on the management of Model 262, expressing their opinion on the adequacy of the administrative-accounting control system and the corrective actions to be implemented.

***

Having consulted the Board of Statutory Auditors and the Director in charge of the internal control and risk management system, the Board of Directors approved the work plan prepared by the Internal Audit Manager for 2015 and for 2016 on 25 February 2015 and 8 February 2016 respectively.

On 25 February 2015, 30 July 2015 and 9 March 2016, the Board of Directors expressed a favourable opinion on the adequacy of the internal control and risk management system with regard to the characteristics of the business, as well as its effectiveness, using the periodic reports prepared by the Director in charge of the internal control and risk management system, the Control and Risks Committee, the Internal Audit Manager and the Board of Statutory Auditors.

11.1 DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On 30 April 2015, the Board appointed Chief Executive Officer, Federico Marchetti, as the Director in charge of the internal control and risk management system.

***

In connection with and for the implementation of the guidelines established by the Board, the Director is responsible for:

(i) identifying the main typical company risks, in relation to the characteristics of the activities of the Issuer and its subsidiaries and the sector in which they operate, reporting to the Board on 25 February 2015, 30 July 2015 and 9 March 2016;

(ii) planning, implementation and management of the internal control and risk management system, in line with the operating conditions of the Issuer and the regulatory framework, verifying the adequacy and effectiveness through the designated structures;

(iii) requesting audits from the Internal Audit department into specific operating areas and into the compliance of internal rules and procedures, audits which have been included in the audit plan brought to the attention of the Control and Risks Committee and the Board of Statutory Auditors for subsequent approval by the Board of Directors;

(iv) did not, directly or through audits conducted by the Internal Audit department and by other governance functions within the YOOX NET-A-PORTER Group, identify problems that would impinge on the objectives of correct corporate governance.

11.2 INTERNAL AUDIT MANAGER

The Board, with the favourable opinion of the Control and Risks Committee and the Board of Statutory Auditors, on the recommendation of the Director in charge of the internal control and risk management system, by a resolution of 30 April 2015, appointed Riccardo Greghi as Internal Audit Manager of the Group, charging him with checking that the internal control and risk management system was adequate and functioning. Later in the year, when Riccardo Greghi resigned, the Board, again with a favourable opinion from the Control and Risks Committee and the Board of Statutory Auditors, and on the recommendation of the Director in charge of the internal control and risk management system, by a resolution dated 11 November 2015, appointed Filippo Tonolo, who is external to the Issuer, the head of this department and an external member of the Supervisory Body, replacing Mr Greghi. On 9 March 2016, the Board of Directors, following the favourable opinion of the Control and Risks Committee, decided to appoint Matteo James Moroni, Internal Audit manager and member of the Supervisory Body.

The Internal Audit Manager is not responsible for any operating area and reports to the Board.

As well as his/her auditing activities, the Internal Audit Manager also provides coordination and support for risk assessments of business initiatives qualified as strategically important by management, and assists the Director responsible for preparing the financial statements and the Supervisory Body to comply with Law 262/05 and Legislative Decree 231/01. He/she also acts as an internal consultant to support the corporate operational areas and oversees corporate social responsibility reporting. The assigning of these activities to the Internal Audit Manager received a positive evaluation from the Board in terms of opportunities, and there are no conflicts of interest or limitations to the application of the Code of Conduct.

The resources placed at the disposal of the Internal Audit Manager have been deemed adequate by the Board to carry out the activities required.

***

The Internal Audit Manager at the YNAP Group:

a) verifies (and during the course of the financial year has verified), both continuously and with regard to specific requirements and in compliance with the international standards of the profession, the operation and suitability of the internal control and risk management system, through an audit plan approved by the Board of Directors based on a process of analysing and prioritising company risks;

b) has direct access to all information useful for the performance of his/her duties;

c) reports (and during the financial year has reported) quarterly on his/her operations and the progress of activities provided for by the plan to the Control and Risks Committee, the Board of Statutory Auditors and the Chairman of the Board of Directors and Director in charge, giving the outcomes of the activities conducted in the reference quarter in terms of audits carried out, corrective actions discussed with management and related time schedules;

d) prepares (and during the financial year has prepared) half-year reports for the Chairman of the Control and Risks Committee, the Chairman of the Board of Statutory Auditors and the Chairman of the Board of Directors and Director in charge, highlighting the methods through which risk management is carried out, compliance of the plans defined for containing it, as well as giving an assessment of the suitability and adequacy of the overall internal control and risk management system;

e) attends the meetings of the Board of Directors and the Control and Risks Committee to which he/she is invited and, with regard to the year, attended the Board meetings of 18 March 2015, 30 July 2015, 8 February 2016 and [9 March 2016], as well as all the meetings of the Control and Risks Committee;

f) carries out the further tasks that the Board deems appropriate to allocate to him/her, in other words as far as the year was concerned, coordinating and supporting corporate social responsibility issues.

Following the activities carried out during the year, the Internal Audit Manager did not identify urgent elements which required special reporting and did not conduct specific activities with regard to the reliability checks on the information systems.

Structured governance in the IT area under the scope of the YNAP Group allows the Internal Audit Manager to be updated promptly with regard to information system reliability risks and allows him/her to play an active role on the Board in the application of the Group Information Security Management System.

The Internal Audit Manager is a member of the Information Risks Committee, a body established specifically to oversee the application of the Group Information Security Management System, evaluating and approving the possible adoption of improvement measures, assessing the adequacy of processes for protecting against company information risks and adopting suitable preventive actions. The Information Security department, responsible for conducting technological and organisational assessments and IT audits relating to specific risk processes and scopes, reports to the Information Risks Committee which meets quarterly.

In accordance with the audit plan for the year, the Internal Audit department's activities involved operational and regulatory assurance audits, standard assurance audits, consulting activities on operational processes supporting corporate operational areas and on compliance, and consulting and operational support in the area of risk assessment. To sum up:

- operational assurance audits were conducted on several key company processes identified through a risk-based methodology and specific follow-up activities were carried out;

- for the purpose of issuing a certificate by the Director responsible for preparing the financial statements in relation to financial reporting as at 30 June 2015 and 31 December 2015 (Law 262/05), on the mandate of the latter periodic monitoring activities were carried out on Model 262 and the activities of maintaining and updating the internal control system documentation relating to the main administrative-accounting processes of YOOX NET-A-PORTER GROUP were completed; It was also ascertained that the system of internal certification to the Director responsible for preparing the financial statements on the completeness, accuracy and reliability of the information provided to the management functions for the preparation of financial reports, and on the effectiveness of the control procedures with accounting significance established within each structure, was functioning correctly;

- to ensure compliance with Legislative Decree 231/01, on the mandate of the Supervisory Body, specific audits were conducted into areas of the Organisational Management and Control Model of YOOX NET-A-PORTER GROUP S.p.A. designated as "sensitive". As a member of the Supervisory Body, the Internal Audit Manager helps to make the Model effect from inside the organisation;

- consultancy activities were carried out to improve internal controls relating to some company areas, also with regard to process and responsibility reorganisations, as well as their formalisation within the scope of company procedures;

- The Company was given support with the launch of a structured risk assessment process for corporate processes (structured analysis of related risks and responses to the risk, to ensure alignment with the risk profile, high standards of business continuity and the corporate strategic objectives), alongside the current Strategic Risk Management model, which is focused on strategically important business initiatives. The work of the Internal Audit department included providing methodological support: it acted as a facilitator, in the identification and assessment of, and response to, process risks remains the exclusive responsibility of management.

- Lastly, support was provided to the Company in the adoption of an SA8000 (Social Accountability) management system, which is a voluntary standard that can be verified by an accredited certification body. The standard appraises and safeguards all personnel within the organisation's sphere of control and influence, setting out fundamental requirements that must be met in order to improve workers' rights and workplace conditions and to manage relations with suppliers and contractors. The Company obtained international SA8000 certification from accredited certification body IQNet Ltd on 20 July 2015. The current scope of application of the certification is limited to the Italian registered offices of Milan and Zola Predosa and the Bologna Interporto logistics cluster.

***

During the course of the year, the Internal Audit department made use of external parties with the appropriate professional, organisational and independence requirements with regard to the Issuer. No areas of responsibility of the Internal Audit department are outsourced.

11.3 ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

The Issuer adopted an organisational, management and control Model to prevent the offences for the purposes envisaged by Legislative Decree 231/2001 (hereinafter also "Model 231"), as subsequently amended on 3 September 2009 with a view to ensuring that corporate activities are conducted correctly and transparently and to protect its position and image and those of Group companies, shareholders' expectations and the work of its employees, formulated according to the specific requirements determined by the entry into force of Legislative Decree 231/2001.

Through the Board of Directors' resolution of 16 December 2010, in the light of the regulatory updates that took place, the Issuer adopted a new version of Model 231 and the Group Code of Ethics. The latest update of the Model, which includes the regulatory and organisational amendments and the most recent legal and doctrinal guidelines on the subject, was implemented through the Board resolution of 31 July 2013.

Following the introduction into the legal system of the offence of self-laundering, a type of offence now recognised in Article 25-*duodecies* of Legislative Decree 231/2001 and deemed significant by the YOOX NET-A-PORTER GROUP, in the second half of 2015 the Supervisory Body provided for an update to Model 231 and launched this update on 9 October 2015, in order to encompass this type of offence and introduce the following new areas of risk: compliance management related to direct taxation; compliance management related to indirect taxation; management of inter-company relations (transfer pricing); taxes related to extraordinary operations; management of tax disputes; and management of financial resources. The Supervisory Body has engaged consultancy firm Ernst & Young to assist with the updates to Model 231. The updates, which must then be approved by the Company's Board of Directors, are scheduled for the first half of 2016.

The Code of Ethics is an integral part of Model 231. It outlines the ethical principles and conduct that should be followed by Company employees and other recipients, helping to create a control environment that can ensure the Issuer's activities are always based on the principles of fairness and transparency, and reducing the risk of the crimes mentioned in Legislative Decree 231/2001.

The requirement of exemption from administrative responsibility has led to the establishment of a Supervisory Body, within the Issuer, equipped with autonomous powers of initiative and control, with the task of (i) supervising the effectiveness of the Model, which is based on the verification of consistency among the concrete behaviour and the established Model; (ii) examining the adequacy of the Model, in other words its actual capacity to prevent, broadly speaking, undesired behaviour; (iii) conducting an analysis on maintaining the requirements of solidity and functionality of the Model over a period of time; (iv) attending to the necessary updating of the Model in dynamic terms, through the formulation of specific suggestions, in the event that the analyses require corrections and adjustments; and (v) following up on, or verifying the implementation or effective functionality of, the proposed solutions.

The Supervisory Body, in office until the approval of the financial statements as at 31 December 2017, was appointed by the Board on 27 April 2012 and comprises three members: Rossella Sciolti, an external member, as Chairwoman; Isabella Pedroni, an external member, who replaced Gerardo Diamanti on 5 November 2014; and Filippo Tonolo, Head of the Issuer's Internal Audit department, who replaced Riccardo Greghi on 11 November 2015.

In the meeting on 27 April 2012, the Board decided not to assign to the Supervisory Body functions to the Board of Statutory Auditors.

The Chairman of the Supervisory Body prepared six-monthly reports for the Board of Directors on 28 July 2015 and on [9 March 2016], containing information on the verification and monitoring activities conducted and their outcome.

The offences described in the Issuer's Model 321 are in line with those currently provided for in the legislation: corruption crimes and other offences against the Public Administration (Articles 24 and 25; Article 2635 of the Civil Code); corporate offences (Article 25-*ter*); crimes for the purpose of terrorism or subversion of democratic order (Article 25-*quater*); market abuse (Article 25-*sexies*); manslaughter or serious or extremely serious injury committed in violation of the laws relating to the protection of health and safety in the workplace (Article 25-*septies*); receiving, laundering or using money, assets or goods from unlawful sources (Article 25-*octies*); organised crime (Article 24-*ter*); crimes against industry and commerce (Article 25-*bis*.1); copyright infringement (Article 25-*novies*); incitement to withhold or make false statements to the judiciary authorities (Article 25-*decies*); crimes against the environment (Article 25-*undecies*); employment of citizens from non-EU countries without residence permits (Article 25-*duodecies*); and cross-border crimes (Article 3, Law 146/2006). The other offences pursuant to Legislative Decree 231/01 were assessed as "not realistically achievable".

Model 231 introduces an adequate system and punitive measures for conduct in violation thereof.

The training activities on the Model are managed centrally by the Human Resources and Organisation Department.

Model 231 and the Code of Ethics are available in the Governance section of the Company website at www.ynap.com.

11.4 INDEPENDENT AUDITOR

KPMG S.p.A., based at 25, Via Vittor Pisani, Milan, was engaged to perform a statutory audit on the Group's accounts.

The engagement was conferred on this company by resolution of the Shareholders' Meeting of 8 September 2009, on the proposal of the Board of Statutory Auditors, for 2009-2017.

11.5 DIRECTOR IN CHARGE OF PREPARING THE FINANCIAL STATEMENTS AND OTHER CORPORATE ROLES AND FUNCTIONS

Pursuant to Article 19 of the articles of association, following mandatory consultation with the Board of Statutory Auditors, the Board of Directors appoints the Director responsible for preparing the financial statements, pursuant to Article 154-*bis* of the TUF, conferring on him/her sufficient resources and powers to execute the duties attributed thereto. In addition to the requirements of honesty prescribed for statutory auditors by the laws in force, the Director responsible for preparing the financial statements must meet the professional requirements of at least three years' experience in administration and control, or in performing management or consulting functions in a listed company and/or related groups of companies or organisations of significant size and importance, also in relation to the preparation and control of corporate accounting documents.

The failure to uphold these requirements will result in dismissal from the position, which must be declared by the Board of Directors within 30 days of it being made aware of the fault.

On 24 April 2015, after the resignation of Francesco Guidotti, the Board, with a favourable opinion from the Board of Statutory Auditors, appointed Enrico Cavatorta - the Issuer's Chief Financial and Corporate Officer - as the Director responsible for preparing the financial statements. With the appointment, the Board checked the existence of the requirements pursuant to the above laws and Company articles of association in force.

With the appointment, the Board granted the Director responsible for preparing the financial statements powers and duties pursuant to Article 154-*bis et seq.* of the TUF.

***

The other company functions with specific tasks regarding internal control and risk management, which carry out second-level cross-checks in the Group on the performance of corporate transactions, including preventive and coordinating controls, are as follows:

- Prevention and Protection Service (Head – Daniela Rinaldi), which oversees the Integrated Occupational Health and Safety Management and Environmental Management System, defined in accordance with British Standard OHSAS 18001:2007 and standard UNI EN ISO 14001:2004, for the purpose of controlling legislative compliance, specifically in relation to Legislative Decree 81/08 in the area of health and safety, and Legislative Decree 152/06 in the area of the environment. Daniela Rinaldi was reappointed Head of the Prevention and Protection Service on 1 July 2013, appointed Head of the Occupational Health and Safety Management System on 21 December 2011, and appointed Head of the Environmental Management System on 4 March 2013. The function made use of both internal resources and external consultants for auditing activities in 2014. In order to comply with its responsibilities, the function does not have its own budget, which remains the responsibility of the delegated occupational health and safety officer to whom the Head of the Prevention and Protection Service reports;

- Information Security (headed by Gianluca Gaias), which oversees the Group Information Security Management System based on international standard ISO/IEC 27001, with the purpose of intercepting and managing risks relating to confidentiality, integrity and availability of company information. It comprises a formal information risk analysis process managed through a cyclical improvement approach. The risk analysis allows the Information Risks Committee, the body expressly established to supervise the application of the framework and for assessing and approving the possible adoption of improvement actions, to evaluate the adequacy of the processes for protecting against the risks threatening company information and adopting suitable preventive actions. In 2015, Information Security comprised nine persons in addition to the Head, made use of 2 (two) consultants and had an ad hoc budget for performing its activities. The Information Security Management System includes personal data protection, in accordance with the requirements of Legislative Decree 196/2003, protection of information relating to credit card transactions, in compliance with the international PCI-DSS standard, and protection of strategic information essential for the business. Since 5 November 2014, Gianluca Gaias has been the Privacy Officer, with the appointment of the Chief Executive Officer.

11.6 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The coordination methods established by the Issuer for the various persons involved in the internal control and risk management system ensure, including in the year under review, the effective and efficient coordination and sharing of information between the bodies which have these functions. Specifically:

- the Internal Audit Manager maintains regular communication flows with the other company bodies and structures with supervisory or monitoring functions of the internal control and risk management system, such as the Director responsible for preparing the financial statements, the Supervisory Body pursuant to Legislative Decree 231/01, the Independent Auditor, the Information Risks Committee and the Head of the Prevention and Protection Service, each within their sphere of activity and responsibility;

- attendance by the Internal Audit Manager at meetings of the Supervisory Board and meetings of the Information Risks Committee as a member of these bodies, the monitoring carried out by the Internal Audit department pursuant to Law 262/04 on the mandate of the Director responsible for preparing the financial statements and pursuant to Legislative Decree 231/01 on the mandate of the Supervisory Body, and, lastly, attendance by the Internal Audit Manager at all meetings of the Control and Risks Committee held during the year, enabled the Internal Audit department to maintain adequate visibility on the incumbent corporate risks managed in the YOOX NET-A-PORTER GROUP and the problems arising and brought to the attention of the various monitoring and control bodies, giving these appropriate attention and analysis in the half-yearly reports to the Board of Directors, the Director in charge, the Control and Risks Committee and the Board of Statutory Auditors;

- the Control and Risks Committee periodically invites the main functions with second-level control responsibilities for company transactions to its meetings in order to obtain precise and direct information about risk management in the areas of responsibility;

- the Board of Statutory Auditors maintains regular communications with the Board of Directors and the Control and Risks Committee. Specifically, the Board of Statutory Auditors attended all the meetings of the Committee held during the year; the Board attended all the Committee meetings and referred to the Board on 25 February and 30 July 2015;

- the Supervisory Body can be invited to attend meetings of the Board of Directors and the Control and Risks Committee, reporting half-yearly on the activities carried out. Specifically, during the course of the year the Body attended all the meetings of the Committee and reported to the Board on 5 March and 30 July 2014;

- the independent auditor takes part in the meetings of the Control and Risks Committee so that it is constantly updated on the activities and the decisions of the Committee itself, as well as for the purpose of reporting on the planning and outcome of audit activities. The independent auditor attended all the meetings of the Committee during the course of the year.

12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

In order to implement the application criteria of the Code, the Issuer has defined and adopted dedicated procedures for important transactions and related transactions, suitable to guarantee full and exhaustive information on these types of transactions for the Directors.

PROCEDURE FOR SIGNIFICANT TRANSACTIONS WITH INDEPENDENT PARTIES

As provided for by the Code, the Issuer has adopted an internal procedure (the "**Procedure**") intended to regulate information and procedures relating to transactions that have a significant impact on the Company's financial statement items, with particular reference to significant transactions conducted by the Company with independent parties, also establishing criteria to identify these transactions, which are therefore the responsibility of the Issuer's Board.

The Procedure defines "significant transactions with independent parties" as the transactions listed below conducted by the Issuer with parties other than related parties.

(i) purchases, sales and other transactions that in any way affect the availability of investments recognised under non-current financial assets, of companies, company branches, real estate and/or other tangible and/or intangible assets recognised or able to be recognised under non-current assets, when the value of the individual transaction is greater than the limits of any mandates conferred to this end;

(ii) the taking out of loans (in any technical form) lasting more than 12 (twelve) months and for amounts greater than the limits of any mandates conferred to this end;

(iii) the taking out of loans (in any technical form and for any duration) if they contain disadvantageous covenants compared to those provided by other loans already approved by the Board and outstanding as at the date of approval of the Procedure;

(iv) all transactions governed by the Procedure approved by the Board if implemented differently from the manner set out by the Procedure;

(v) the application to banks and insurance companies for, and the subscription/issuing by the Issuer of, personal or real guarantees in favour of third parties for amounts greater than mandate limits;

(vi) all transactions that do not take place under market conditions or that are atypical or unusual.

Significant transactions with independent parties are exclusively the responsibility of the Board of Directors, which also decides in the light of the analyses conducted in terms of strategic consistency, economic feasibility and expected return for the Issuer or the Group.

PROCEDURE FOR RELATED-PARTY TRANSACTIONS

On 10 November 2010, the Board of Directors unanimously approved the procedure for related-party transactions (the "Related-Parties Procedure") adopted pursuant to Related-party Transactions Consob Regulation which is applied also taking account of Consob Communication DEM/10078683, published on 24 September 2010, which contains instructions and guidelines for the implementation of the Consob Related-Parties Regulation.

In the context of the annual audit of the Related-parties Procedure, pursuant to Article 3.1 of the afore-mentioned Related-Parties Procedure and in accordance with paragraph 6.1 of Consob Communication 10078683 of 24 September 2010, on 16 December 2015, the Board of Directors, having taken note of the positive opinion provided by the Related-Parties Committee and on the recommendation of the Related-Party Transactions Committee, approved amendments to the Related-Parties Procedure, also taking into account the ownership structure of the Company and the greater organisational and dimensional complexity of the Company and the Group due to the Merger.

The Related-Parties Procedure governs the identification, approval and management of transactions with related parties. Specifically, the Related-Parties Procedure:

- governs the procedure for identifying related parties, defines the method and timing for the preparation and updating of the List of Related Parties, and identifies the company divisions with responsibility for doing so;
- identifies the rules for identifying related-party transactions before they are carried out;
- regulates the procedures for carrying out transactions with related parties by the Issuer, also through its subsidiaries, pursuant to Article 2359 of the Civil Code or subject to direction and coordination activities (the "Subsidiaries");
- establishes the procedure and timing for the fulfilment of the obligation to inform corporate bodies and the market.

The obligations established by the Related-party transactions Procedure therefore also apply to related-party transactions carried out by subsidiaries. For the definition of "related parties" and "related-party transactions", see Section 2 of the Related-party Transactions Procedure.

The Related-party transactions Procedure has been communicated to all the Subsidiaries in accordance with Article 114, para.2 of the TUF. Pursuant to paragraph 5 of the Related-Parties Procedure, directors who have an interest in the transaction must inform the Board promptly and in full of the existence of that interest and of the related circumstances. The decision to have these directors leave the meeting during decisions on the transaction or to abstain from voting must be made on a case-by-case basis. If the director in question is the Chief Executive Director, he/she will not conclude the transaction. In such cases, the Board's resolutions must state adequate reasons and the benefit for the Issuer of entering into the transaction.

The Related-Parties Procedure and the relative annexes are available in the Governance section of the Issuer's website at www.ynap.com (Governance section).

RELATED-PARTY TRANSACTIONS COMMITTEE

At its meeting of 10 November 2010, the Board of Directors resolved to establish from its own members a "Related-Party Transactions Committee", made up of independent directors and assigned to this committee all of the functions set out in the Related-Parties Procedure.

The Related-Party Transactions Committee, appointed by the Board meeting of 30 April 2015, is composed of:

- Catherine Gérardin Vautrin – Independent Director - Chairwoman;
- Alessandro Foti – Independent Director;
- Robert Kunze-Concewitz – Independent Director.

During the tax year, the Related-Party Transactions Committee carried out its duties in compliance with the Related-Party Procedure.

13. APPOINTMENT OF THE STATUTORY AUDITORS

The appointment and replacement of statutory auditors is governed by the legislation and regulations in force and by Article 26 of the articles of association.

Pursuant to Article 26 of the articles of association, the Board of Statutory Auditors comprises 3 (three) standing auditors and 2 (two) deputy auditors, fulfilling the gender balance requirement pursuant to Article 148, paragraph 1-*bis*, of the TUF, as introduced by Law no. 120 of 12 July 2011. The statutory auditors' term is three years, expiring on the date of the General Meeting called to approve the financial statements of the last year of their term. Statutory auditors may be re-elected. Their remuneration is determined by the General Meeting upon their appointment for the entire duration of their term.

Statutory auditors must meet the requirements established by law and other applicable provisions. As regards the requirements of professionalism, the subjects and sectors of activity strictly linked to those of the Company are those in commerce, fashion and IT, as well as those regarding private law and administrative disciplines, economic disciplines and those relating to company audit and organisation. Members of the Board of Statutory Auditors are subject to the limits on the number of management and control positions held, as established by Consob regulations.

The Board of Statutory Auditors is appointed by the General Meeting based on the lists presented by the shareholders, according to the procedures set out below, unless otherwise or further provided for by binding legal or regulatory provisions.

Minority shareholders – who do not form part of significant relationships, even indirectly, pursuant to Article 148, paragraph 2, of the TUF, and the related regulations – may appoint one standing auditor, to be appointed as Chairman of the Board of Statutory Auditors and a deputy auditor. Minority auditors are elected at the same time as other members of management bodies, except when they are replaced, a situation governed as set out below.

Shareholders who, at the presentation date, alone or together with other shareholders, hold an equity investment at least equal to that determined by Consob pursuant to Article 147-*ter*, paragraph 1, of the TUF, and in compliance with the Issuers' Regulation, may present a list for the appointment of statutory auditors. In this regard, with Resolution 19499 of 28 January

2016, Consob set the equity investment required to present candidate lists for the election of the Issuer's control body, with reference to the year ended 31 December 2015, at 1% of the share capital.

Lists must be deposited at the Company headquarters, in accordance with the procedures set out by the regulations, including existing pro tempore regulations, at least 25 (twenty-five) days before the General Meeting called to appoint the statutory auditors. The Company must also make the lists available to the public at least 21 (twenty-one) days before the General Meeting, according to the procedures set out by the laws in force.

Each list has two sections: one for the appointment of the standing auditors and one for the appointment of deputy auditors. The candidates are listed in sequential order in each section.

Lists containing a total number of three or more candidates must be made up of candidates from both genders, so that the less-represented gender on the same list constitutes at least one-third of the candidates (rounded up) for the post of standing auditor and at least one-third of the candidates (rounded up) for the post of deputy auditor.

Furthermore, the lists contain, also in annexes:

(i) information on the identities of the shareholders who submitted the lists, with an indication of the overall percentages of equity investments held; the ownership of the overall equity investment is confirmed, following the filing of the lists, according to the terms and procedures set out by the regulations, including existing pro tempore regulations;

(ii) declaration of shareholders other than those that hold, also together, a controlling or relative majority equity investment, certifying the absence of relationships pursuant to Article 144-*quinquies* of the Issuers' Regulation approved by Resolution 11971 of 14 May 1999 as subsequently amended and supplemented;

(iii) exhaustive information on the personal and professional characteristics of the candidates, as well as a declaration from these candidates certifying that they meet the requirements established by law, and accept the candidacy, along with a list of management and control positions held by them in other companies;

(iv) any further or other declaration, information and/or document provided for by law and applicable regulations.

Lists presented that do not comply with the above provisions are considered ineligible.

If, by the deadline for the presentation of lists, only one list has been presented or there are only lists presented by shareholders acting in concert pursuant to applicable provisions, further lists may be deposited up to three days after this deadline. In this event, the above-mentioned thresholds required to present a list are halved.

It is prohibited for any shareholder, shareholders that are part of a shareholders' agreement pursuant to Article 122 of the TUF, and the related parties of these shareholders, to present or take part in the presentation, either personally or through a fiduciary company, of more than a single list, or to vote for different lists, and each candidate may appear on only one list, under penalty of ineligibility. Adhesions and votes cast in breach of this regulation will not be attributed to any list.

Statutory auditors are elected as follows: (i) two standing auditors and one deputy auditor are drawn, according to the numerical order in which they are listed, from the list that obtained the largest number of votes (the "Majority List"); (ii) one standing auditor, to be appointed as Chairman of the Board of Statutory Auditors (the "Minority Auditor"), and one deputy auditor (the "Deputy Minority Auditor") are drawn, according to the numerical order in which they are listed, from the list that obtained the second-highest number of votes, and which is not linked even indirectly with the shareholders that presented or voted for the majority list pursuant to applicable provisions (the "Minority List").

If the resulting composition of the Board of Statutory Auditors or the category of deputy auditors does not comply with regulations on balanced gender representation, taking into account their order in the list in the respective section, the last persons elected from the Majority List of the more-represented gender forfeit their places in the necessary numbers to ensure compliance with the requirements, and are replaced by the first non-elected candidates of the less-represented gender on the same list. In the absence of candidates of the less-represented gender in the relevant section of the majority list in sufficient numbers to proceed with the replacement, the General Meeting appoints the missing standing or deputy auditors through majority voting, ensuring satisfaction of the requirement.

If two lists obtain the same number of votes, the list presented by shareholders with the largest equity investment at the time the lists are presented, or, failing that, the list presented by the greatest number of Shareholders, shall take precedence; all of the above must comply with the rules governing balanced gender representation in the bodies of listed companies pursuant to Law 120/11 of 12 July 2011.

If only one list is presented, the Shareholders' Meeting votes on it, and if it obtains the relative majority of votes, without taking abstentions into account, all the candidates for the positions of standing and deputy auditor on the list are elected, in compliance with the rules governing gender representation in the bodies of listed companies pursuant to Law 120 of 12 July 2011. In this case, the Chairman of the Board of Statutory Auditors is the first standing auditor candidate.

If no lists are presented, the Board of Statutory Auditors and the Chairman are appointed by the General Meeting through simple majority voting prescribed by law, in compliance with the rules governing gender equality in the bodies of listed companies pursuant to Law 120 of 12 July 2011.

If the Majority Auditor leaves the position for any reason, he/she is replaced by the deputy auditor taken from the Majority List. If the Minority Auditor leaves the position for any reason, he/she is replaced by the deputy auditor taken from the Minority List.

Pursuant to Article 2401, paragraph 1, of the Civil Code, the General Meeting appoints and replaces statutory auditors, in compliance with the principle of mandatory minority shareholder representation, and in compliance with the rules governing gender representation in the bodies of listed companies pursuant to Law 120 of 12 July 2011.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS

The Issuer's Board of Statutory Auditors currently in office was appointed by the Ordinary General Meeting of 30 April 2015 and comprises the following members: Marco Maria Fumagalli (Chairman), drawn from List 1, presented by shareholders Kondo S.r.l., Sinv Holding S.p.A. and Ventilò S.r.l., which obtained the second-highest number of votes; Giovanni Naccarato, drawn from List 2, presented by a group of institutional investors, which obtained the highest number of votes; and Patrizia Arienti, appointed by majority vote pursuant to Article 26 of the articles of association, as standing auditors, and Andrea Bonechi, drawn from List 2, and Nicoletta Maria Colombo, drawn from List 1, as deputy auditors.

The Board of Statutory Auditors will remain in office until the General Meeting convened to approve the financial statements for the year ended 31 December 2017.

For further information on the lists submitted for the appointment of the control body on 30 April 2015, see the Company website www.ynap.com (Governance Section/General Meeting of Shareholders File), where the CVs of the standing auditors and deputy auditors are also available.

YOOX
NET-A-PORTER
GROUP

Composition of the Board of Statutory Auditors

NAME	POSITION	YEAR OF BIRTH	IN OFFICE SINCE	IN OFFICE UNTIL	M/m LIST	INDEP. CODE	% B.A. (*)	OTHER POSITIONS	% C.D.A (**)	% C.R	% C.C.R
MARCO MARIA FUMAGALLI	CHAIRMAN	1961	30/04/2015 FIRST APPOINTED: 30/04/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M	X	100	0	100	50	100
GIOVANNI NACCARATO	STANDING AUDITOR	1972	30/04/2015 FIRST APPOINTED: 30/04/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M	X	80	0	83.3	N/A	80
PATRIZIA ARIENTI	STANDING AUDITOR	1960	30/04/2015 FIRST APPOINTED: 27/04/2012	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	-	X	100	0	100	N/A	100
NICOLETTA MARIA COLOMBO	DEPUTY AUDITOR	1964	30/04/2015 FIRST APPOINTED: 30/04/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M	X	N/A	N/M	N/A	N/A	N/A
ANDREA BONECHI	DEPUTY AUDITOR	1968	30/04/2015 FIRST APPOINTED: 30/04/2015	APPROVAL OF THE 31/12/2017 FINANCIAL STATEMENTS	M	X	N/A	N/M	N/A	N/A	N/A

(*) The percentage of participation of statutory auditors in Board of Statutory Auditor meetings held during the tax year refers to (i) 9 (nine) meets held from 1 January 2015 to 31 December 2015 with reference to Patrizia Arienti, (ii) 5 (five) meetings held from 30 April 2015 to 31 December 2015 with reference to statutory auditors Marco Maria Fumagalli and Giovanni Naccorato.

(**) The percentage of participation of statutory auditors in Board of Statutory Auditor meetings refers to (I) 13 (thirteen) meetings held from 1 January 2015 to 31 December 2015, with reference to auditor Patrizia Arienti, (ii) to 6 (six) meetings held from 30 April 2015 to 31 December 2015 with reference to statutory auditors Marco Maria Fumagalli and Giovanni Naccorato.

Outgoing statutory auditors during the tax year

NAME	POSITION	YEAR OF BIRTH	IN OFFICE SINCE	IN OFFICE UNTIL	M/m LIST	INDEP. CODE	B.A.%. (*)	OTHER POSITIONS (**)	% C.D.A. (***)	% C.R.	% C.C.R.
FILIPPO TONOLO	CHAIRMAN	1931	27/04/2012 FIRSET APPOINTED: 09/03/2005	APPROVAL OF THE ANNUAL ACCOUNTS 31/12/2014	M	X	100	23	85.7	25	50
DAVID REALI	EFFECTIVE STATUTORY AUDITOR	1959	27/04/2012 FIRST APPOINTED: 16/03/2009	APPROVAL OF THE ANNUAL ACCOUNTS 31/12/2014	M	X	100	2	57.1	N/A	50

(*) The percentage of participation of statutory auditors in Board of Statutory Auditor meetings held during the year refers to 4 (four) meetings held from 1 January 2015 to 30 April 2015.
(**) The mention refers to the date of 25 February 2015 which is the last date when the other duties of the members of the Board of Statutory Auditors, who have stepped down on 30 April 2015, were confirmed.
(***) The percentage of participation of statutory auditors in Statutory Auditor Board meetings held during the tax year refers to 7 (seven) meetings held from 1 January 2015 to 30 April 2015.

KEY
Position: indicates whether Chairman, standing auditor or deputy auditor.
List: M/m, according to whether the auditor was elected from the majority (M) or minority (m) list.
Indep.: if the statutory auditor can be classified as independent according to the criteria set out by the Code, specifying at the foot of the table if these criteria can be supplemented or amended.
% B.A. shows the attendance, in percentage terms, of the statutory auditors at the Board of Statutory Auditors meetings (the number of meetings that the auditor attended compared to the number of meetings held during the year, or since the auditor took up office, is taken into account in the calculation).
Other positions: indicates the total number of positions of director or auditor covered by the person in question pursuant to Article 148-*bis* of the TUF. For information on other positions held by members of the Board of Statutory Auditors, see the information published by Consob pursuant to Article 144-*quinquiesdecies* of the Issuers' Regulation on the website www.sai.consob.it under *Corporate Bodies – Information for the public. It is hereby recalled that the members of a single supervisory body of listed issuers or company with common financial instruments shall not be subject to the limits governing the accumulation of offices or to the related information obligations*.
R.C. %: shows the attendance, in percentage terms, of the director at Compensation Committee meetings (the number of meetings that the director attended compared to the number of Compensation Committee meetings held during the year, or since the director took up office, is taken into account in the calculation).
C.C.R.: C/M inserted to indicate Chairman/Member of Control and Risks Committee.
%. C.C.R.: shows the attendance, in percentage terms, of the director at Control and Risks Committee meetings (the number of meetings that the director attended compared to the number of Control and Risks Committee meetings held during the year, or since the director took up office, is taken into account in the calculation).
N/A.: not applicable.
N/M: not meaningful

The Board of Statutory Auditors met 9 (nine) times during the year, of which 5 (five) meetings were composed of the members appointed by the meeting of 30 April 2015.

On average, the meetings lasted approximately 2 hours.

At least 4 (four) meetings of the Board of Statutory Auditors are scheduled for 2016in addition to the meetings already held on 12 January 2016 and 9 March 2016.

***

At the meeting of 12 January 2016, the Board of Statutory Auditors verified that its members met the requirements of independence, also using to this end the criteria in the Code regarding directors' independence.

***

The Issuer has not provided for a specific obligation in the event that a statutory auditor, on his/her own behalf or for third parties, has an interest in a certain transaction of the Company, in that it is considered to be an ethical duty to inform other statutory auditors and the Chairman of the Board of Directors in the event that a statutory auditor has, on his/her own behalf or for third parties, an interest in a certain transaction of the Issuer.

The Chairman of the Board of Directors organised initiatives aimed at providing the statutory auditors with adequate knowledge of the sector of activity in which the Company operates, the corporate dynamics and their development, as well as the regulatory reference framework. More specifically, meetings were held at the Company's offices during which the main features of the Company's reference sector were presented.

The Board of Statutory Auditors has supervised and will supervise the independence of the Independent Auditor, checking compliance with applicable regulations as well as the nature and scope of services other than auditing provided to the Issuer and its subsidiaries by the Independent Auditor and entities within its network.

The Board of Statutory Auditors has constantly maintained normal coordination activities with the Control and Risks Committee and the Internal Audit department. For information on the coordination activities, please see section 11.6 above.

***

Pursuant to Legislative Decree 39/2010 ("Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC"), the Board of Statutory Auditors was endowed with the functions of the Internal Control Committee and the statutory audit and, specifically, the functions of supervising: *(i)* the financial disclosure process; *(ii)* the effectiveness of the internal control, internal review - if applicable - and risk management systems; *(iii)* the statutory audit of the separate financial statements and the consolidated financial statements; *(iv)* the independence of the Independent Auditor, especially in terms of the provision of non-auditing services to the firm undergoing the statutory audit.

***

Pursuant to Article 27 of the articles of association, the Board of Statutory Auditors performs the functions attributed to it by law or other applicable regulatory provisions. For the whole period in which shares of the Company are traded on a regulated Italian market, the Board of Statutory Auditors also exercises every other duty and power prescribed by special laws; with specific reference to disclosure to the Board of Statutory Auditors, the Directors must report every quarter, pursuant to Article 150 of the TUF.

Meetings of the Board of Statutory Auditors may also be held via teleconferencing and/or videoconferencing systems, provided that:

- the Chairman and the person recording the minutes of the meeting are present in the place in which it is convened;
- all participants can be identified and can follow the discussion, receive, send and view documents and are able to contribute to the discussion of all agenda items in real time. Having verified these requirements, the Board of Statutory Auditors' meeting is considered to have taken place in the location of the Chairman and the person recording the minutes of the meeting.

15. RELATIONS WITH SHAREHOLDERS

Relations with shareholders are reported in documentation supplied in a timely fashion and regularly on the Issuer's website, www.ynap.com in the "Investor Relations" and "Governance" section and, where requested by the relevant department, on the authorised archive site called "Nis (Storage" at the following address: www.emarketstorage.com.

Specifically, this website makes available all press releases issued to the market, and the periodic accounting documents of the Issuer as soon as they are approved by the management bodies (annual financial report, half-year financial report and interim report on operations).

The main documents relating to Corporate Governance, the Organisational Model pursuant to Legislative Decree 231/2001 and the Code of Ethics may also be viewed on this site.

Pursuant to article 2.2.3, paragraph 3, letter i) of the Stock Exchange Regulation, on 29 October 2009, the board appointed Silvia Scagnelli head of the Investor Relations department (contact: investor.relations@ynap.com), to manage relations with shareholders and institutional investors, and possibly carry out specific duties relating to the management of price-sensitive information and relations with Consob and Borsa Italiana.

The Board will assess the implementation of any further initiatives to make information concerning the Issuer of importance to its shareholders more quickly and easily accessible.

16. GENERAL MEETINGS AND SHAREHOLDERS' RIGHTS

Under Article 8 of the Issuers' articles of association, shareholders may attend the General Meeting if they have the right to vote. Shareholders may attend the Shareholders' Meeting and exercise the right to vote if the Company has received an attendance notice from the intermediary who holds the related accounts pursuant to the law; on the basis of evidence of these accounts relating to the end of the accounting day of the seventh day the market was open prior to the date established for the meeting (single call) and received by the Company under the terms of the law.

Those with voting rights may appoint proxies according to the provisions in force. Electronic notification of proxy is acceptable, under the conditions indicated in the notice of convocation, through a message sent to the certified electronic mailbox given in the actual notice or through the use of the dedicated section on the Company website. The Company can designate an individual to whom shareholders can grant a mandate to represent them at the General Meeting, pursuant to Article 135-*undecies* of the TUF, giving notice of the calling of the Meeting.

Under Article 7 of the articles of association, both Ordinary and Extraordinary General Meetings are called, pursuant to the laws in force, with a notice published on the Company website as well as other methods mandatorily provided for by law and regulations and, if required by the applicable regulations, in the daily newspapers "Il Sole 24 Ore" or "M.F. Mercati Finanziari/Milano Finanza", specifying the date, time and place of the single call, as well as a list of agenda items to be discussed, without prejudice to compliance with any other provisions established by the laws in force.

Pursuant to Article 6 of the articles of association, the Ordinary General Meeting to approve the financial statements must be convened within 120 days of the end of the fiscal year, or, in cases set out in Article 2364, paragraph 2, of the Civil Code, within 180 days of the end of the fiscal year, without prejudice to the provisions of Article 154-*ter*, of the TUF. Extraordinary General Meetings are called in all cases provided for by law.

The meeting agenda is established by those who exercise the power to call the meeting pursuant to the laws in force and the articles of association, or, if the meeting was called at the request of the shareholders, it is based on the issues to be discussed indicated in the notice of meeting.

Pursuant to Article 126-*bis* of the TUF, shareholders who, including jointly, represent at least one-fortieth of the share capital, may request – with the exception of items that must be proposed by the Board of Directors or based on a plan or report produced by the Board – additional items for the agenda or propose resolutions on items already in the agenda within ten days of publication of the notice, or within five days in the case of convocation pursuant to Article 125-*bis*, paragraph 3, of the TUF or Article 104, paragraph 2, of the TUF. Shareholders who require an addition to the Agenda should prepare a report which contains the reasoning behind the proposals for a resolution on the new subjects they are proposing, i.e. the reason relating to the further proposals for a resolution presented on the subjects already on the Agenda, and they should submit it to the Board of Directors by the deadline for presenting requests for additions.

Pursuant to Article 2367 of the Civil Code, the directors should call the meeting without delay when there is a demand by a number of shareholders representing at least one twentieth of the share capital.

Article 127-*ter* of the TUF provides that shareholders can ask also questions about subjects on the agenda before the General Meeting. Questions received before the General Meeting will be answered, at the latest, during the meeting itself. The Company reserves the right to provide a single answer to questions with the same contents. The call notice indicates the deadline by which the questions put before the General Meeting should reach the Company. The deadline should not be earlier than three days prior to the date of the General Meeting, first or single call, or five days if the call notice requires the Company to give an answer, before the General Meeting, to questions received. In this case the answers will be supplied at least two days before the General Meeting, including through publication in a dedicated section of the Company website.

Under Article 10 of the articles of association, General Meetings are chaired by the Chairman of the Board of Directors, or if the Chairman is absent or unavailable, by the sole Vice-Chairman, or, if there is more than one Vice-Chairman, the longest serving among those present, and if they have been in office the same amount of time, the most senior. If the Chairman, the sole Vice-Chairman or all the Vice-Chairmen are absent or unavailable, the General Meeting is chaired by a director or shareholder, appointed by majority of those present.

The Chairman of the General Meeting ascertains the identity and legitimacy of those present; he/she verifies that the meeting is being held in a regular manner and that a sufficient number of shareholders with the right to vote is present for resolutions to be valid; he/she conducts the meeting, establishes voting procedures and checks the results of the votes.
For the constitution of Ordinary and Extraordinary General Meetings and its resolutions to be valid, they must comply with the provisions of the laws in force and the articles of association. All resolutions, including those of elections to company positions, are passed by open ballot.

To facilitate attendance at the General Meeting, and the exercise of voting rights by shareholders with the right to vote, Article 6 of the Issuer's articles of association provide that the meeting may be held with the participants in different locations, neighbouring or distant, with audio/video links, provided that the principles of collective decision-making, good faith and equality among shareholders are respected.

***

The right to withdraw may only be exercised within the limits and according to the provisions dictated by binding legal provisions, and pursuant to Article 3 of the articles of association, is in any case excluded if the Company's duration is extended. Under Article 5, paragraph 3 of the articles of association, if resolutions are passed to introduce or remove restrictions on the circulation of shares, even shareholders who did not vote for this resolution will not have the right to withdraw.

In accordance with Article 29 of the articles of association, the profit shown in the financial statements, minus the portion to be allocated to the legal reserve up to the limit prescribed by law, is allocated as decided by the General Meeting. Specifically, on the proposal of the Board of Directors, the General Meeting may vote on the formation and increase of other reserves. The Board may decide to distribute advances on dividends according to the procedures and forms prescribed by law.

The Extraordinary General Meeting may vote on the allocation of profits or reserves made up of earnings to employees of the Company or its subsidiaries through the issue, up to an amount equivalent to the profits, of ordinary shares without any restriction or special categories of shares to be assigned individually to employees, pursuant to Article 2349 of the Civil Code.

***

At present, the Company does not recognise the need to propose the adoption of specific regulation to govern the work of the General Meetings, considering it appropriate that, in principle, shareholders are guaranteed maximum participation and expression in meeting debate.

During the year, 3 (three) General Meetings were held: on 30 April (attended by 4 (four) out of 7 (seven) directors), on 21 July (attended by 5 (five) out of 7 (seven) directors) and on 16 December (attended by 7 (seven) out of 9 (nine) directors).

During the General meetings, the Board reported on activity conducted and planned and arranged to supply the shareholders appropriate information to inform them of the decisions taken under the remit of the General Meetings.

As far as the rights of shareholders not illustrated in this Report are concerned, see the applicable laws and regulations.

***

At its meeting of 9 March 2016, in accordance with Criterion 9.C.4 of the Code, the Board did not consider it necessary to propose to the General Meeting any changes to the articles of association in relation to the percentages established for the year of the privileges put in place to protect minority shareholders – in application of Article 144-*quater* of the Issuers' Regulation for the presentation of lists for the appointment of members to the Board of Directors and Board of Statutory Auditors – Articles 14 and 26 of the Issuer's articles of association require an equity investment at least equal to that determined by the Consob pursuant to the laws and regulations. In this regard, with Resolution 19499 of 28 January 2016, Consob set the equity investment required to present candidate lists for the election of the Issuer's management body, with reference to the year ended 31 December 2015, at 1% of the share capital.

17. FURTHER CORPORATE GOVERNANCE PRACTICES

The Issuer has not adopted any further corporate governance practices beyond those prescribed by legislation and regulations, and described in this Report.

18. CHANGES SINCE THE END OF THE TAX YEAR

No changes have taken place in the corporate governance structure since the end of the year apart from those specifically identified in the present Report.

Milan, 9 March 2016
For the Board of Directors

Chairman of the Board of Directors
Raffaello Napoleone

YOOX
NET-A-PORTER
GROUP

DIRECTORS' REPORT

YOOX
NET-A-PORTER
GROUP

YOOX
NET-A-PORTER
GROUP

Table of contents

YOOX
NET-A-PORTER
GROUP

DIRECTOR'S REPORT

REFERENCE MARKET

Also in 2015, the online retail market recorded sustained growth in all major geographical markets and categories of merchandise and continued to improve in terms of penetration rates compared with the overall retail market. This result was achieved due to the considerably better growth recorded compared with the traditional retail market, further confirmation of the increasing take-up by consumers of the online channel and also due to the success of smart phones and tablets as shopping devices.

Forrester Research estimates that sales in 2015 in the online retail market, excluding the travel, motor vehicle and prescription medicines sectors, were around EUR 202 billion in Western Europe, an increase of 17% compared with 2014[11], around USD 338 billion in the United States and JPY 8.572 billion (approximately EUR 64 billion) in Japan, growth of 12% and 18% compared with 2014[12] [13]. Forrester estimates growth of 13% for the online retail market in Western Europe in 2016, over 10% in the United States and more than 17% in Japan.

Within the online retail market, YOOX NET-A-PORTER GROUP operates in the fashion sector (defined as the collection of clothing, footwear, jewellery and watches markets), which, according to Forrester Research information accounted for approximately 25% of the online retail market in Western Europe and 18% of the online retail market in the United States, recording growth rates of 18% and 11%, respectively compared with 2014. For this category, Forrester forecasts a CAGR (Compound Annual Growth Rate) for 2015-2018 of approximately 13% in Western Europe and 10% in the United States. The online fashion market in Japan (defined as the collection of clothing, accessories and footwear markets) accounted for 22% of the online retail market, a growth of approximately 20% compared with the previous year and an estimated CAGR for 2015-2018 of over 13%. Lastly, according to the forecasts published by Forrester Research, the online fashion market in China (defined as the collection of clothing, accessories and footwear markets), recorded sales of around CNY 951 billion in 2015 (equal to approximately EUR 136 billion), a growth of 30% compared with 2014 and with a CAGR for 2015-2018 of approximately 15%.

There are many reasons explaining these growth forecasts in the online retail market throughout the world, including the wide range of products available on the internet, the increasing inclination of consumers to make online purchases also thanks to the widespread use of smartphones and tablets as shopping devices and the search for the most favourable purchasing conditions. The trend towards an increase in the number of people making online orders continues together with the higher average annual expenditure per user and are also a confirmation of the emergence of a new, increasingly "digitally native" generation. As further confirmation of the growing importance of the digital world, today's' customers want an increasingly integrated and consistent experience between the physical and virtual channels and it is estimated that in 2015 the online channel will have influenced approximately 60% of total sales in the luxury sector[14].

A growing number of fashion, design and luxury brands have indeed forged closer contacts with the online world, being aware of the strategic role it can play in helping them expand their visibility and what they offer on a global level and establishing a direct relationship with their customers through all purchasing channels. This has meant that more companies than ever are investing in improvements to shopping and user experience, online contents and alternative channels to support online sales in the long term, such as social and mobile commerce, a channel that continues to record excellent performance.

INTRODUCTION

During the course of 2015 the Groups' sales continued to grow, in all major benchmark markets and in all business lines in which it operates. The number of active customers, the number of unique visitors and the number of orders also all increased. For further details, please refer to the table of the key indicators below.

---

[11] Calculations based on Forrester Research data – "Online retail forecast, 2015 to 2020 (Western Europe), Forrester Research Inc., 7 January 2016".
[12] Calculations based on Forrester Research data – "Online retail forecast, 2015 to 2020 (US), Forrester Research Inc., 6 January 2016".
[13] Calculations based on Forrester Research data – "Online retail forecast, 2015 to 2020 (Asia Pacific), Forrester Research Inc., 19 February 2016".
[14] "True-Luxury Global Consumer Insight", BCG - Fondazione Altagamma, 10 February 2016

In terms of the most significant events, in February the Lanvin online store was launched in Europe, the US and Japan, and subsequently extended to the Chinese market in March. In addition, the new release of marni.com "Powered by YOOX Group", with a creative concept developed by the YOOX creative agency, was also launched in February.
On 5 February 2015, the Brioni online store was extended to the Chinese market.
On 11 February 2015, the partnership was renewed with Aeffe Retail S.p.A. for the management of the albertaferretti.com online store in Europe, the US and Japan for a further five years, until 17 March 2020.
In addition, before the agreements were set to expire, the partnerships with Staff International S.p.A. (OTB Group) for the management of the mono-brand online stores of the Maison Martin Margiela and Just Cavalli brands were renewed until 31 December 2020, in all markets in which they were already active.
On 14 April 2015, the online flagship store devoted to McQ, the contemporary line of Alexander McQueen, was launched in Europe, the US and the main Asia-Pacific area countries, including China.
On 29 May 2015, Adidas A.G. and YOOX S.p.A. also renewed their global collaboration agreement for the management of the Y-3 online store for a further five years, until 19 October 2020.
On 15 July 2015, the online store of the REDValentino brand was extended to the Chinese market, while October saw the launch of the online store of KARL LAGERFELD in Europe, the United States and Japan.

The merger between YOOX GROUP, the global Internet retailing partner for the main fashion and luxury brands and THE NET-A-PORTER GROUP, the top online luxury fashion destination in the world for shopping and editorial content, became effective on 5 October 2015. This created the global leader in e-commerce luxury fashion with the company name YOOX NET-A-PORTER GROUP S.p.A. (in abbreviated form, YNAP S.p.A.), with registered office in Milan. The legal, accounting and tax effects of the transaction came into force on the same date. For further information, please refer to the "Corporate Governance" paragraph of this document.

As highlighted in the subsequent events section, on 8 March 2016 and 31 December 2015, YOOX NET-A-PORTER GROUP S.p.A. signed two 5-year agreements, with Chloé S.A.S. and Alfred Dunhill Ltd., respectively, for the global development and management of the Richemont Group brand Chloé and Alfred Dunhill online stores. The launch of chloe.com is planned for 2016, while dunhill.com was activated on 23 February 2016.
The global partnership for the management of moncler.com "Powered by YOOX NET-A-PORTER GROUP" was renewed for a further 5 years following an agreement signed by Industries S.p.A. and YOOX NET-A-PORTER GROUP S.p.A., while 6 Mono-brand agreements with Pringle of Scotland Lts, Barbara Bui S.A., TRS Evolution S.p.A., Roberto Cavalli S.p.A., EZI S.p.A. and Brunello Cucinelli S.p.A. which, in 2015, made a contribution of 0.6% in total to the Group's pro-forma net revenues will not be renewed.
Finally, on 7 March 2016, YOOX NET-A-PORTER GROUP and IBM announced a long-term strategic partnership that will enable YOOX NET-A-PORTER GROUP to further focus on innovation geared toward customers and to create a breakthrough in its omni-channel capacities for the benefit of its high-spending customers and luxury brand partners.

With the goal of enhancing yoox.com with new editorial content and gift ideas in keeping with its DNA as a lifestyle destination, in May 2015 a new website area inspired by the theme of travel was introduced, with detailed selections of travel accessories from the current season and apparel from the previous collections of the most important fashion brands, which can be browsed by destination.

In line with the logistics strategy of opening warehouses specialised by product category based on the Group's growth needs (the "lego strategy"), in January 2015 the new semi-automated space dedicated to footwear was introduced at the Interporto (Bologna) logistics centre.

IN-SEASON MULTI-BRAND BUSINESS LINE

The in-season Multi-brand business of the Group involves four online stores:

- NET-A-PORTER.COM founded in June 2000, established itself as a leading global online destination in editorial content and luxury e-commerce. As an innovation pioneer, NET-A-PORTER.COM is recognised for its unparalleled editorial content and for a unique selection of fashion and beauty brands.

- MR PORTER.COM founded in February 2011, established itself as a global leader in male fashion, combining a unique product offer including the best men's brands of clothing, accessories, watches and beauty articles.

- THECORNER.COM founded in 2008, is a luxury online boutique dedicated to a unique and distinctive style, presenting an eclectic and selected assortment of the most prestigious brands of avant-garde stylists from all over the world, for men and women, through dedicated mini-stores.

- SHOESCRIBE.COM founded in 2012, is the online destination for women, fully dedicated to the world of footwear: an ample assortment, selected with attention to detail, ranging from top designers to sought-after brands, enriched by unique editorial content and exclusive services.

MULTI-BRAND OFF-SEASON BUSINESS LINE

The Multi-brand Off-season business of the Group involves two online stores:

- YOOX.COM founded in 2000 is the global lifestyle leader online store of fashion, design and Article yoox.com offers an infinite selection of products, including an ample choice of clothing and hard-to-find accessories from major global designers, exclusive collection capsules, eco-friendly fashion offers, a unique assortment of design objects, original books and a desirable collection of attractive works of Article.

- THE OUTNET.COM founded in 2009 is the fashion outlet for style experts looking for products of the best designers at attractive prices.

ONLINE FLAGSHIP STORES BUSINESS LINE

YOOX NET-A-PORTER GROUP is also the strategic e-commerce partner of luxury fashion leader brands, through which the Group projects and manages the ONLINE FLAGSHIP STORES. Thanks to 15 years of experience in luxury e-commerce at an international level, YOOX NET-A-PORTER GROUP offers complete solutions to its partner brands. These solutions include the study and implementation of a creative concept, highly innovative design interface, a global technological and logistic platform, research and development, excellent customer care, international web marketing activity and strategic consulting in e-commerce activities.
The Group is also a partner of Kering (formerly PPR Group) with whom it set up a joint venture dedicated to the management of the ONLINE FLAGSHIP STORES of the various luxury brands of the French Group.

At 31 December 2015, 40 ONLINE FLAGSHIP STORES are active. Specifically:

- marni.com, of the Marni brand operational since September 2006, active mainly in Europe, the US and Japan and operational in China since March 2011;

- emporioarmani.com, of the Emporio Armani brand, operational in the US since August 2007; its operations were expanded mainly to major markets in Europe in June 2008, to Japan in July 2009 and China in November 2010;

- diesel.com, of the Diesel, Diesel Black Gold and 55 DSL brands, operational mainly in Europe since November 2007, and in Japan since February 2011;

- stoneisland.com, of the Stone Island brand, operational since March 2008 mostly in the main European markets, the US and Japan;

- valentino.com, of the Valentino brand, operational since April 2008 in the US, since March 2009 in the main European markets and Japan and since November 2014 in China;

- emiliopucci.com, of the Emilio Pucci brand, operational since November 2008, mostly in the main European markets, the US and Japan;

- moschino.com, of the Moschino, Love Moschino and MoschinoCheapAndChic brands, active since February 2009 mainly in Europe, the US and Japan;

- dsquared2.com, of the Dsquared2 brand, operational since September 2009, mainly in Europe, the US, Japan and China;

- jilsander.com, of the Jil Sander and Jil Sander Navy brands, operational since September 2009 mainly in Europe, the US and Japan; the store expanded to include the Jil Sander Navy brand in January 2011;
- robertocavalli.com, of the Roberto Cavalli and Just Cavalli brands, operational since November 2009 mainly in Europe, the US and Japan; the store expanded to include the Just Cavalli brand in February 2011;
- giuseppezanottidesign.com, of the Giuseppe Zanotti brand, operational since February 2010, mainly in Europe, the US and Japan;
- napapijri.com, of the Napapijri brand, operational since March 2010, mainly in Europe and the US;
- albertaferretti.com, of the Alberta Ferretti and Philosophy by Alberta Ferretti brands, operational since March 2010 mainly in Europe, the US and Japan;
- maisonmargiela.com, of the Maison Margiela brand, operational since October 2010, mainly in Europe, the US and Japan;
- zegna.com, of the Ermenegildo Zegna, Zegna Sport and Z Zegna brands, operational since December 2010, mainly in Europe, the US and Japan; the extension to the Z Zegna brand took place in September 2011;
- y-3store.com, of the Y3 brand, operational since March 2011 mainly in Europe, the US and Japan and operational since November 2011 in China;
- brunellocucinelli.com, of the Brunello Cucinelli brand, operational since March 2011, mainly in Europe, the US, Japan and extended to China in April 2014;
- bikkembergs.com, of the Dirk Bikkembergs Sport Couture and Bikkembergs brands, operational since June 2011, mainly in Europe, the US and Japan;
- dolcegabbana.com, of the Dolce & Gabbana brand, operational since July 2011 in Europe, the US and Japan and, since August 2011 in China;
- moncler.com, of the Moncler brand, operational since September 2011 mainly in Europe, the US and China and since September 2014 in Japan;
- armani.com, of the Giorgio Armani, Armani Collezioni, Armani Junior, EA7, Emporio Armani and Armani Jeans brands, operational since October 2011 mainly in Europe, the US, Japan and China;
- trussardi.com, of the Trussardi 1911 brand operational since December 2011 mainly in Europe, the US and Japan; in October 2012 it was also extended to the Tru Trussardi and Trussardi Jeans brands;
- barbarabui.com, of the Barbara Bui brand, operational since February 2012, mainly in Europe, the US and Japan;
- pringlescotland.com, of the Pringle of Scotland brand, operational since March 2012, mainly in Europe, the US and Japan;
- pomellato.com, of the Pomellato brand, operational since May 2012 mainly in Europe, the US and Japan;
- alexanderwang.com, of the Alexander Wang and T by Alexander Wang brands, operational since May 2012 in Asia-Pacific area countries including China, Hong Kong and Japan and in Europe, and since July 2014 in the US;
- missoni.com, of the Missoni brand, operational since March 2013 mainly in Europe, North America and Japan;
- dodo.it, of the Dodo brand, operational since March 2013 mainly in Europe, North America and since the end of 2014 in Japan;
- kartell.com, of the Kartell brand operational since May 2014 in Europe;

- redvalentino.com, of the Red Valentino brand, operational since November 2014, mainly in the US, Europe and Japan;
- lanvin.com, of the Lanvin brand, active since February 2015 in Europe, United States and the main countries of the Asia-Pacific region, later extended to the Chinese market in March 2015;
- karl.com of the Karl Lagerfeld branch, active since October 2015 in Europe, the US and Japan;
- sergiorossi.com, of the Sergio Rossi brand, managed by the joint venture between Kering and YOOX Group, active since September 2012 in the main European markets, the US, Japan and extended to the Chinese market in June 2014;
- bottegaveneta.com, of the Bottega Veneta brand, managed by the joint venture between Kering and YOOX Group launched at the end of 2012 in several European markets, the US and Japan;
- stellamccartney.com, of the Stella McCartney brand, managed by the joint venture between Kering and YOOX Group, started at the end of 2012 in Europe, the US and Japan and extended to the Chinese market in January 2014;
- alexandermcqueen.com, of the Alexander McQueen brand, managed by the joint venture between Kering and YOOX Group and active since May 2013, mainly in Europe, the US and Japan and extended to the Chinese market in January 2014;
- balenciaga.com, of the Balenciaga brand, managed by the joint venture between Kering and YOOX Group and active since May 2013, mainly in Europe, the US and Japan and extended to the Chinese market in May 2014;
- ysl.com, of the Saint Laurent brand, managed by the joint venture between Kering and YOOX Group and operational since June 2013 mainly in Europe, the US and Japan;
- brioni.com, of the Brioni brand, managed by the joint venture between Kering and YOOX Group and active since November 2013, mainly in Europe, the US and Japan and extended to the Chinese market in February 2015;
- Mcq.com, the Alexander McQueen contemporary line, managed by the joint venture between Kering and YOOX NET-A-PORTER GROUP and active since April 2015 mainly in Europe, the US and the main countries of the Asia-Pacific region, including China.

REVENUES AND PROFITABILITY

COMPARATIVE ANALYSIS OF INFORMATION WITH RESPECT TO THE PREVIOUS YEAR

The comparative analysis of economic-financial data of 2015 with respect to the previous year data reflects considerably the merger operation described above, which shows a relevant impact on all positions of the income statement, assets and liabilities.
To facilitate the comparative analysis, this Directors' Report contains pro-forma information regarding earnings, profits, asset and financial situation, as certain business indicators of the YOOX NET-A-PORTER GROUP at 31 December 2015, compared with the corresponding pro-forma data from the previous year.

The pro-forma data at 31 December was prepared combining historical data of the YOOX GROUP and THE NET-A-PORTER Group, and then performing corrections in order to simulate - according to valuation criteria consistent with the historical data, and, as appropriate, with the norm of reference represented by the International Financial Reporting Standards ("IFRS") adopted by the European Union - the economic effects of the merger on the economic performance of YOOX NET-A-PORTER GROUP as if this operation virtually took place at the beginning of the year (1 January).
The pro-forma data at 31 December 2014 is the same as the data contained in the Information Document regarding the merger by incorporation of Largenta Italia S.p.A. in YOOX S.p.A. published on 3 October 2015

Note that the historical economic data of the YOOX GROUP at 31 December 2015, 31 December 2014, fourth quarter of 2015 and fourth quarter of 2014 were obtained, respectively, from the consolidated financial statements of the YOOX NET-A-PORTER GROUP at 31 December 2015 and from the consolidated financial statements of the YOOX Group at 31 December 2014. Also note that the historical economic data of THE NET-A-PORTER GROUP Limited at 31 December 2015, at 31

December 2014, fourth quarter of 2015 and fourth quarter of 2014 were obtained, respectively, from the consolidated financial statements of THE NET-A-PORTER GROUP Limited for the 12-month period ended 31 December 2015 and from the consolidated statement of financial position for 12-month period ended 31 December 2014 and were originally prepared in accordance with the accounting standards applicable in the UK; this data is originally expressed in GBP and for the purposes of its inclusion in the pro-forma data of the YOOX NET-A-PORTER GROUP it was converted into Euro and presented in accordance with the presentation criteria adopted by the YOOX GROUP.

In particular, the pro-forma data of the YOOX NET-A-PORTER GROUP involved the correction of summary data to retroactively reflect the effects of the merger operation; therefore, despite respecting the commonly accepted general criteria and use of reasonable assumptions, it is subject to intrinsic limitations due to the nature of pro-forma data, since it involved representations based on assumptions.

Taking into consideration the diverse aims of the pro-forma data compared to the historical financial statement data, and since such data is the result of the conversion are re-presentation of THE NET-A-PORTER GROUP Limited data as explained above, as well as the various methods for the calculation of the effects of the merger with reference to the presented pro-forma data, the latter must be read and interpreted separately from the historical data, without trying to make accounting connections between them.
The pro-forma data is not meant in any way to represent a forecast of future results and therefore it must not be used for that purpose: the pro-forma data does not reflect prospected data since it is prepared in such a way to represent only the significant, isolated and objectively measurable effects of the merger and related economic transactions, without taking into account potential effects of business choices and operational decisions made as a result of the merger.

The main corrections are represented by:

- elimination of costs by adjustment of the fair value of B-Shares of THE NET-A-PORTER GROUP Limited that were the subject of an incentive plan, whose cost was sustained by the Richemont Group;
- elimination of costs as a result of interruption of non-commercial relations between THE NET-A-PORTER GROUP Limited and companies of the Richemont Group;
- elimination of financial earnings and costs resulting from repayment of financial liabilities of THE NET-A-PORTER GROUP Limited;
- elimination of non-recurring costs sustained for the merger operation of the YOOX Group and THE NET-A-PORTER GROUP Limited;
- elimination of corresponding fiscal effects of the above-mentioned adjustments, as applicable.

Unless otherwise indicated, all amounts are expressed in thousands of Euro.

It should also be noted that possible differences that may be found in some tables are due to rounding off amounts expressed in thousands of Euro. The Parent Company YOOX NET-A-PORTER GROUP S.p.A. is referred to by its full name or simply as the Company; the Group reporting directly to it appears as YOOX NET-A-PORTER GROUP or simply as the Group; when notes refer to subsidiaries, full company names are used.
All subsidiaries of YOOX NET-A-PORTER GROUP S.p.A. operate in the Group's business sector, or in any event, perform activities that are consistent with those of the Group.

ACCOUNTING POLICIES

The annual financial report as at 31 December 2015 has been compiled in accordance with Article 154-ter, paragraph 5 of Legislative Decree 58/98 (TUF) as amended and supplemented, and in compliance with Article 2.2.3 of the Stock Exchange Regulation.

The accounting policies, the consolidation policies and the measurement criteria used in preparing the annual report as at 31 December 2015 are consistent with those used to draw up the annual report as at 31 December 2014; which is available on the www.ynap.com website, in the "Investor Relations" section.

The accounting policies used by the Parent Company and by the Group are consistent with those of the International Financial Reporting Standards endorsed by the European Union and the application of Legislative Decree 38/2005 and other Consob rules and regulations governing financial statements. These financial statements were prepared on a cost basis (with the exception of derivative financial instruments, held-for-sale financial assets and available-for-sale financial instruments, which are stated at their current value) and on the assumption that the business is a going concern.

RECLASSIFIED PRO-FORMA CONSOLIDATED INCOME STATEMENT

The income statements for the Group, presented in the following pages of the current Directors' Report, have been reclassified in a way deemed by management to be useful for reporting interim indicators of profitability such as gross profit, EBITDA Pre Corporate Costs, EBITDA, EBITDA without incentive plans operating profit and net profit without incentive plans. Some of the above interim profitability indicators are not recognised as accounting measures under the IFRS endorsed by the European Union and their calculation may not be standard. Group management uses these indicators to monitor and measure the Group's performance. Management believes that these indicators are an important measure of operating performance in that they are not affected by the various criteria used to calculate taxes, the amount and characteristics of invested capital and the related amortisation and depreciation methods. The criterion used by the Group to calculate these indicators might not be consistent with that adopted by other groups or companies, and accordingly, the resulting figures may not be comparable.

YOOX
NET-A-PORTER
GROUP

Below is the reclassified pro-forma consolidated financial statement for the fourth quarter of 2015

THOUSANDS OF EUROS	Q4 2015	Q4 2014	CHANGE	
CONSOLIDATED NET REVENUES	483,302	378,160	105,143	27.8%
COST OF GOODS SOLD	(287,821)	(222,526)	(65,295)	29.3%
GROSS PROFIT[15]	**195,482**	**155,634**	**39,848**	**25.6%**
% of consolidated net revenues	40.4%	41.2%		
FULFILMENT COSTS	(44,523)	(30,445)	(14,079)	46.2%
SALES AND MARKETING COSTS	(62,506)	(45,173)	(17,332)	38.4%
EBITDA PRE CORPORATE COSTS[16]	**88,453**	**80,016**	**8,437**	**10.5%**
% of consolidated net revenues	18.3%	21.2%		
GENERAL EXPENSES	(36,355)	(37,164)	809	-2.2%
OTHER INCOME AND EXPENSES	(1,674)	(553)	(1,121)	>100%
EBITDA[17]	**50,424**	**42,299**	**8,125**	**19.2%**
% of consolidated net revenues	10.4%	11.2%		
DEPRECIATION AND AMORTISATION	(14,187)	(13,457)	(730)	5.4%
NON-RECURRING EXPENSES	-	-	-	-
OPERATING PROFIT	**36,237**	**28,842**	**7,395**	**25.6%**
% of consolidated net revenues	7.5%	7.6%		
RESULT OF EQUITY INVESTMENTS	443	(99)	542	>100%
FINANCIAL INCOME	5,465	5,763	(298)	5.2%
FINANCIAL EXPENSES	(6,279)	(2,692)	(3,588)	>100%
PROFIT BEFORE TAX	**35,867**	**31,815**	**4,052**	**12.7%**
% of consolidated net revenues	7.4%	8.4%		
TAXES	(8,858)	(15,121)	6,263	(41.4%)
CONSOLIDATED NET INCOME FOR THE PERIOD	**27,009**	**16,694**	**10,315**	**61.8%**
% of consolidated net revenues	5.6%	4.4%		
EBITDA EXCLUDING INCENTIVE PLAN COSTS[18]	**50,864**	**47,458**	**3,406**	**7.2%**
% of consolidated net revenues	10.5%	12.5%		
CONSOLIDATED NET INCOME EXCLUDING INCENTIVE PLANS[19]	**27,311**	**21,780**	**5,531**	**25.4%**
% of consolidated net revenues	5.7%	5.8%		

[15] Gross profit is net income before fulfilment costs, sales and marketing costs, general expenses, other income and expenses, depreciation and amortisation, non-recurring expenses, income/loss from investment in associates, financial income and expenses and income taxes. Since gross profit is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement criterion adopted by the Group might not be consistent with that adopted by other groups, and accordingly, the resulting figures may not be comparable.

[16] EBITDA Pre Corporate Costs is defined as profit before general expenses, other operating income and expenses, depreciation and amortisation, non-recurring expenses, income/loss from investment in associates, financial income and expenses and income taxes. Since EBITDA Pre Corporate Costs is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement

In the fourth quarter of 2015, the Group's consolidated net revenues stood at EUR 483,302 thousand, an increase of 27.8% compared with EUR 378,160 thousand for the fourth quarter of 2014.

EBITDA stood at EUR 50,424 thousand in the fourth quarter of 2015, an increase of 19.2% compared with EUR 42,299 thousand in the previous year, with a margin of 10.4%, lower compared to 11.2% for the same period of the previous year. This performance is the result of high operative impact of general costs, which only partially offset the gross profit reduction. This result reflects the operating leverage of general expenses, which only partly offset a lower gross profit and a greater impact on fulfilment and sales & marketing costs. These increases are due, on the one hand, to an improvement in customer care services at all Group online proprietary stores, the opening of new logistics areas in London and to the (Bologna) Interport, and, on the other hand, to investments in marketing supporting the increased purchases for YOOX.COM and the new TV and advertising campaigns launched in the period for NET-A-PORTER.COM and MR PORTER.COM.
EBITDA excluding the incentive plans stood at EUR 50,864 thousand, increasing by 7.2% compared to EUR 47,458 thousand obtained in the fourth quarter of 2014 with a net profit margin of 10.5% compared to +12.5% for the same period of the previous year. The net consolidated result is equal to EUR 27,009 thousand versus EUR 16,694 thousand in the fourth quarter of 2014, up by 61.8% with a margin of 5.6% compared with 4.4% in 2014. This result reflects a positive performance by the joint venture with Kering and a lower tax burden, which more than offset increased financial expenses. Excluding notional charges relating to incentive plans and their related fiscal effect, net income excluding incentive plans stood at EUR 27,311 thousand compared with EUR 21,780 thousand for the fourth quarter of 2014.

criterion adopted by the Group might not be consistent with that used by other groups. EBITDA Pre corporate costs correspond to the sector operating result shown in the explanatory notes attached to the Group Consolidated Financial Statements.

[17] EBITDA is net income before depreciation and amortisation, non-recurring expenses, income/loss from investment in associates, financial income and expenses and income taxes. Since EBITDA is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard. Group management uses EBITDA to monitor and measure the Group's performance. Management believes that EBITDA is an important measure of operating performance in that it is not affected by the various criteria used to calculate taxes, the amount and characteristics of invested capital and the related amortisation and depreciation methods. The criterion used by the Group to calculate EBITDA might not be consistent with that adopted by other groups, and accordingly, the resulting figure may not be comparable with those calculated by such groups.

[18] The EBITDA excluding the incentive plans is defined as the EBITDA net of costs relating to the stock option plans and Company incentive plans, described in the Group's Consolidated Financial Statements. For more details, refer to Annex 1 of this Report, which describes the impact of these costs on the reclassified consolidated income statement.

[19] The Net income excluding incentive plan costs is defined as the Net consolidated income for the period gross of non-cash costs relating to stock option plans and the Company incentive plan and related fiscal effects.

Reclassified pro-forma consolidated income statement for the year 2015:

THOUSANDS OF EUROS	31 DEC 2015	31 DEC 2014	CHANGE	
CONSOLIDATED NET REVENUES	1,665,016	1,272,274	392,742	30.9%
COST OF GOODS SOLD	(1,008,055)	(773,476)	(234,579)	30.3%
GROSS PROFIT	**656,961**	**498,798**	**158,163**	**31.7%**
% of consolidated net revenues	39.5%	39.2%		
FULFILMENT COSTS	(165,709)	(116,578)	(49,131)	42.1%
SALES AND MARKETING COSTS	(203,546)	(151,246)	(52,300)	34.6%
EBITDA PRE CORPORATE COSTS	**287,706**	**230,974**	**56,732**	**24.6%**
% of consolidated net revenues	17.3%	18.2%		
GENERAL EXPENSES	(156,711)	(142,767)	(13,944)	9.8%
OTHER INCOME AND EXPENSES	(4,622)	(2,528)	(2,094)	82.8%
EBITDA	**126,373**	**85,679**	**40,694**	**47.5%**
% of consolidated net revenues	7.6%	6.7%		
DEPRECIATION AND AMORTISATION	(56,857)	(46,873)	(9,984)	21.3%
NON-RECURRING EXPENSES	-	-	-	-
OPERATING PROFIT	**69,516**	**38,806**	**30,710**	**79.1%**
% of consolidated net revenues	4.2%	3.1%		
RESULT OF EQUITY INVESTMENTS	592	(694)	1,287	>100%
FINANCIAL INCOME	18,522	10,880	7,642	70.2%
FINANCIAL EXPENSES	(17,769)	(6,700)	(11,068)	>100%
PROFIT BEFORE TAX	**70,862**	**42,292**	**28,570**	**67.6%**
% of consolidated net revenues	4.3%	3.3%		
TAXES	(17,428)	(18,904)	1,476	7.8%
CONSOLIDATED NET INCOME FOR THE YEAR	**53,434**	**23,388**	**30,046**	**>100%**
% of consolidated net revenues	3.2%	1.8%		
EBITDA EXCLUDING INCENTIVE PLAN COSTS	**133,093**	**105,911**	**27,182**	**25.7%**
% of consolidated net revenues	8.0%	8.3%		
CONSOLIDATED NET INCOME FOR THE PERIOD EXCLUDING INCENTIVE PLAN COSTS	**59,697**	**43,329**	**16,369**	**37.8%**
% of consolidated net revenues	3.6%	3.4%		

In 2015 YOOX NET-A-PORTER GROUP recorded consolidated net revenues, excluding sales returns and discounts to customers, equal to EUR 1,665,016 thousand, an increase of 30.9% compared with the figure of EUR 1,272,274 thousand as at 31 December 2014.

EBITDA stood at EUR 126,373 thousand at 31 December 2015 compared to EUR 85,679 thousand at 31 December 2014. The percentage impact of EBITDA on net earnings changed from 6.7% in 2014 to 7.6% in 2015: this performance reflects an increase in gross profit and on general expenses which partly offset the greater effect of fulfilment and sales & marketing costs. These increases were due, on the one hand, to an improvement in customer services on all Group online proprietary stores,

to the opening of new logistics areas in London and to the (Bologna) Interport and, on the other hand, to investments in marketing supporting the increased purchases for YOOX.COM. Excluding the notional charges relating to the incentive plans, equal to EUR 6,720 thousand, EBITDA stood at EUR 133,093 thousand (+25.7% compared with the same period in 2014), with a margin on sales of 8.0% compared with 8.3% in the previous year.
The net consolidated profit was equal to EUR 53,434 thousand compared to EUR 23,388 thousand at 31 December 2014 and was achieved despite the increase in amortization due to higher investments in technological innovation made in the past three years and a higher impact of the tax burden and benefits of exchange rate earnings not realized in the fourth quarter of the year. Excluding notional costs relating to incentive plans and their related tax effect, net income excluding incentive plans stood at EUR 59,697 thousand compared with EUR 42,329 thousand in 2014.

The table below shows several key indicators [20] relating to the Group's activities.

	31 DEC 2015	31 DEC 2014
NUMBER OF MONTHLY UNIQUE VISITORS [21] (MILLIONS)	27.1	23.6
NUMBER OF ORDERS (THOUSANDS)	7,072	5,801
AOV[22] (EURO)	352	317
NUMBER OF ACTIVE CUSTOMERS [23] (THOUSANDS)	2,519	2,111

In 2015 the Group recorded an average of 27.1 million Monthly Unique Visitors compared with 23.6 million in the previous year and the number of orders stood at 7,072 thousand, equal to one order processed every 4 seconds, compared with 5,801 thousand in 2014.
The average order value (AOV) stood at EUR 352 (excluding VAT) compared with EUR 317 (excluding VAT) in the same period of the previous year.
The number of active customers increased from 2,111 thousand in 2014 to 2,519 thousand in 2015.

ANALYSIS OF PRO-FORMA NET REVENUES AND OPERATING PROFIT BY BUSINESS LINE

Below are the Group's pro-forma net revenues per business line

THOUSANDS OF EUROS	31 DEC 2015		31 DEC 2014		CHANGE	
MULTI-BRAND IN-SEASON	893,298	53.7%	652,340	51.3%	240,958	36.9%
MULTI-BRAND OFF-SEASON	596,420	35.8%	472,909	37.2%	123,511	26.1%
ON-LINE FLAGSHIP STORES	175,298	10.5%	147,025	11.6%	28,274	19.2%
TOTAL YOOX NET-A-PORTER-GROUP	**1,665,016**	**100.0%**	**1,272,274**	**100.0%**	**392,742**	**30.9%**

In 2015, the Group's consolidated pro-forma net revenue, net of returns from sales and discounts given to customers, was equal to EUR 1,665,016 thousand, a growth of 30.9% over the figure of EUR 1,272,274 thousand for 2014, thanks to the contribution from both business lines.
Reported consolidated net revenues[24] relating to 31 December 2015 were equal to EUR 922,659 thousand compared with EUR 524,340 thousand for the YOOX Group in the year ending 31 December 2014.

[20] The business metrics refer to proprietary Multi-brand online stores, NET-A-PORTER.COM, MR PORTER.COM, THECORNER.COM, SHOESCRIBE.COM, YOOX.COM, THE OUTNET.COM and online flagship store "Powered by YOOX NET-A-PORTER GROUP". The business metrics related to the joint venture with Kering and the jimmychoo.com online store are excluded.
[21] Monthly unique visitor is defined as a visitor who opened at least one browser session to visit the online store over the month. The figure reported is calculated as the average of monthly unique visitors in the period concerned. Source: SiteCatalyst for NET-APORTR.COM, MR PORTER.COM, and THE OUTNET.COM; SiteCatalyst and Google Analytics for YOOX.COM; Google Analytics for THECORNER.COM, SHOESCRIBE.COM and the online flagship store "Powered by YOOX NET-A-PORTER GROUP".
[22] Average Order Value or AOV, excluding VAT indicates the average value of each purchase order.
[23] An Active Customer is defined as a customer who placed at least one order during the 12 preceding months.
[24] Comprising YOOX GROUP data for the period 1 January 2015 – 4 October 2015 and YOOX NET-A-PORTER GROUP S.p.A. from 5 October 2015 (date on which THE NET-A-PORTER GROUP Limited entered the scope of consolidation).

Multi-brand In-Season

The Multi-brand In-Season business line, including the activity of online stores NET-A-PORTER.COM, MR PORTER.COM, THECORNER.COM, SHOESCRIBE.COM recorded consolidated pro-forma net revenue of EUR 893,298 thousand, which is 36.9% more compared to EUR 652,340 thousand in 2014. This result is mainly due to excellent performance of NET-A-PORTER.COM and MR PORTER.COM, which introduced Ready-To-Wear of Tom Ford, Tod's and Brunello Cucinelli collections in 2015. Overall, in 2015, the Multi-Brand In-season business line accounted for 53.7% of the Group's consolidated net revenues.

Multi-brand End of Season

The Multi-brand Off-Season business line, including the activity of online stores YOOX.COM and THE OUTNET.COM, recorded consolidated pro-forma net revenue of EUR 596,420 thousand, which is 26.1% more compared to EUR 472,909 thousand in 2014. This performance was achieved thanks to the optimal results of both online stores.
In particular, YOOX.COM benefited from marketing investments implemented from the beginning of 2015 to support major purchases of 2015 Spring/Summer and Fall/Winter collections, as well as new TV campaigns launched in Italy, and, for the first time, in the United States, on the occasion of the 15th anniversary of YOOX and for the Christmas season. This continued the broadening of the offer with the introduction of new brands, including Proenza Schouler and Oscar de la Renta, as well the launch, in May 2015, of the new site area inspired by the travel theme with selections of current season travel accessories and clothing from the previous collections of the major fashion brands, searchable by destination.
Lastly, from November 2015, YOOX.COM offered select targeted clients in Italy the YOOXCARD,
A pre-paid card intended exclusively for its consumers enabling them to accumulate credit on each purchase from YOOX.COM.
Also THE OUTNET.COM launched new important brands within its brand portfolio, including Emilio Pucci, Brunello Cucinelli and Tod's.
Lastly, in the fourth quarter YOOX.COM and THE OUTNET.COM launched the first cross-selling initiatives among their client bases.
Overall, at 31 December 2015, the Multi-Brand Off-Season business line accounted for 35.8% of the Group's consolidated net revenues.

Online Flagship Stores

This business line includes the design, set-up and management activities of Online Flagship Stores of some of the leading global luxury fashion brands.
In 2015 this business line achieved net pro-forma revenue of EUR 175,298 thousand, 19.2% more compared to EUR 147,025 thousand in 2014.
In 2015, the Group launched new online stores of Lanvin and McQ in Europe, the United States, and in the Asia-Pacific area, including China, and the online flagship store of KARL LAGERFELD in Europe, the United States and Japan. Finally, in July 2015 the online flagship store of the REDValentino brand was extended to the Chinese market. Overall, at 31 December 2015, the Mono-Brand business line accounted for 10.5% of the Group's pro-forma net revenues.

CONSOLIDATED PRO-FORMA NET REVENUES BY GEOGRAPHICAL AREA

Below are the consolidated pro-forma net revenues by geographical area

THOUSANDS OF EUROS	31 DEC 2015		31 DEC 2014		CHANGE	
ITALY	110,927	6.7%	92,699	7.3%	18,228	19.7%
UNITED KINGDOM	263,860	15.8%	192,238	15.1%	71,622	37.3%
EUROPE (EXCLUDING ITALY AND THE UNITED KINGDOM)	439,468	26.4%	375,525	29.5%	63,943	17.0%
NORTH AMERICA	503,112	30.2%	351,068	27.6%	152,044	43.3%
ASIA-PACIFIC	242,301	14.6%	176,938	13.9%	65,363	36.9%
OTHER COUNTRIES AND REVENUE NOT-COUNTRY RELATED	105,348	6.3%	83,806	6.6%	21,541	25.7%
TOTAL YOOX NET-A-PORTER-GROUP	1,665,016	100.0%	1,272,274	100.0%	392,742	30.9%

In 2015 YOOX NET-A-PORTER GROUP posted strongly improving results in all main reference markets.

Following the merger announced at the end of March, sales in Italy and in the United Kingdom benefited from increased brand awareness respectively of NET-A-PORTER among the Italian consumers and YOOX in the English market.

In particular, Italy achieved net revenues of EUR 110,927 thousand, 19.7% more compared to EUR 92,699 thousand in 2014, confirming strong growth in sales even in the fourth quarter (+23.1%). This result is mainly due to the performance of YOOX.COM, which benefited from new television campaigns aired for the 15th anniversary of YOOX and for the Christmas holidays.
The United Kingdom results were excellent. It achieved earnings higher by 37.3%, equal to EUR 263,860 thousand in 2015 and 35.0% in the fourth quarter, with solid growth posted by all online stores of the Group.

Europe’s performance (excluding Italy and the United Kingdom) was also positive, increasing by 17.0% in 2015 and 16.5% in the fourth quarter, thanks to the good organic growth of all major countries contributing to the Group’s sales in the area - France, Germany, Spain and Russia. The latter benefited, in the last quarter of the year, from a lesser negative effect of the euro/rouble exchange rate compared with the first nine months of the year, which allowed Russia to record positive growth in sales at both current and constant exchange rates.

In 2015 North America posted an improvement of 43.3%. Growth of 33.5% in fourth quarter in spite of the extraordinary warm weather was also good.

In particular, the performance of the Asia Pacific region was also positive, increasing by 36.9% and by 34.3% in the last quarter. The main countries that contributed to the results of the Group in this geographic area were Hong Kong, China, Australia and Japan.

Lastly, the total of Other Countries and Not-country related earnings posted growth of 25.7% during the year.

INVESTMENTS

The pro-forma investments made by the Group during 2015 amounted to EUR 83,748 thousand and refer to EUR 53,897 thousand in intangible assets and EUR 29,850 thousand in tangible assets. Increases in intangible assets mainly refer to investments in multi-year development projects valued at EUR 44,107 thousand.
Specifically, the Group continued to roll out cross-channel functionality for its mono-brand partners and supported the launch of three new online flagship stores. It added to its smartphone and tablet offering with the release of new native applications for NET-A-PORTER.COM on the Android operating system and for THE OUTNET.COM on iOS, the launch of THE NET SET social network for shopping and new mobile sites for some of the Group’s Mono-brand online stores.
New delivery methods were also introduced during the year, including the option of choosing a time, place and trusted person to leave an order with, a new system for payment after delivery for MR PORTER.COM in Germany. The Canadian dollar was also added, bringing the number of currencies managed by the Group to 10.
In the fourth quarter a new order management system was also integrated, representing the first step in a strategy aimed at creating a shared technological and logistics platform for all the Group’s online stores.
With regard to Operations, investments were directed at opening a semi-automated logistics centre for shoes at the Bologna Interport, as well as new logistics spaces in London.
Finally, on 7 March 2016, YOOX NET-A-PORTER GROUP and IBM announced a long-term strategic partnership that will enable YOOX NET-A-PORTER GROUP to further focus on innovation geared toward customers and to create a breakthrough in its omni-channel capacities for the benefit of its high-spending customers and luxury brand partners.
For futher information, please refer to the press release available on the Company website www.ynap.com

YOOX
NET-A-PORTER
GROUP

ANALYSIS OF REVENUES AND OPERATING PROFIT REPORTED[25] BY BUSINESS LINE

Below is the relevant economic information regarding activities by business line, that is, the Group net revenues reported by business line and their reported operating profit. It is emphasised that the analysis of changes and margins related to the business lines, compared with the same period of the previous year, is greatly affected by the consolidation, as of 5 October 2015, of the Largenta Group.

THOUSANDS OF EUROS	MULTI-BRAND		MONO-BRAND		GROUP TOTAL	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
REPORTED NET REVENUES	750,813	381,716	171,846	142,624	922,659	524,340
% NET REVENUES	81.4%	72.8%	18.6%	27.2%	100.0%	100.0%
% CHANGE	96.7%		20.5%		76.0%	
REPORTED OPERATING PROFIT	118,633	59,208	34,900	29,459	153,533	88,666
% ON NET REVENUES	15.8%	15.5%	20.3%	20.7%	16.6%	16.9%
% CHANGE	100.4%		18.5%		73.2%	

In 2015, the Group achieved reported consolidated net revenues, net of returns on sales and discounts granted to customers, of EUR 922,659 thousand, up 76.0% from EUR 524,340 thousand in 2014, with the contribution of both business lines.
The reported operating profit (or Pre Corporate Costs EBITDA) amounted to EUR 153,533 thousand, up 73.2% from EUR 88,666 thousand in 2014, with a margin of 16.6%, down compared with that recorded in the same period of the previous year, amounting to 16.9%.

Multi-brand business line

The Multi-brand business line, which includes the YOOX.COM, THECORNER.COM, SHOESCRIBE.COM, NET-A-PORTER.COM, MR PORTER.COM and THE OUTNET.COM online business activities, records consolidated net revenues amounting to EUR 750,813 thousand, up 96.7% from EUR 381,716 thousand in 2014. Overall in 2015, the Multi-brand business line accounted for 81.4% of the Group's reported consolidated net revenues.
The operating profit of the multi-brand sector amounted to EUR 118,633 thousand, up 100.4% from EUR 59,208 thousand in 2014, with a margin of 15.8% compared with 15.5% in 2014.

Mono-brand business line

The Mono-brand business line includes the design, creation and management of online flagship store of some of the main global fashion and luxury goods brands. This business line records consolidated net revenues of EUR 171,846 thousand, up 20.5%.

Overall in 2015, the Mono-brand business line accounted for 18.6% of the Group's consolidated net revenues.
The operating profit of the mono-brand sector amounts to EUR 34,900 thousand, up 18.5% from EUR 29,459 thousand in 2014, with a margin of 20.3% compared with 20.7% in 2014.

[25] Consisting of YOOX Group data for the period 1 January 2015 - 4 October 2015 and YOOX NET-A-PORTER GROUP S.p.A. data from 5 October 2015 (date from which THE NET-A-PORTER GROUP Limited entered into the consolidation).

FINANCIAL MANAGEMENT

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The tables below contain the figures taken from the Group's consolidated statements of financial position and the Group's reclassified consolidated statement of cash flows at 31 December 2015 compared with the statement of financial position and pro-forma consolidated financial statement of the Group at 31 December 2014.

Reclassified consolidated statement of financial position at 31 December 2015:

THOUSANDS OF EUROS	BALANCE AT 31 DECEMBER 2015	BALANCE AT 31 DECEMBER 2014	% CHANGE
NET WORKING CAPITAL[26]	(23,821)	83,059	>100%
NON-CURRENT ASSETS	2,013,232	1,216,328	65.5%
NON-CURRENT LIABILITIES (EXCLUDING FINANCIAL LIABILITIES)	(15,005)	(8,975)	67.2%
NET WORKING CAPITAL[27]	**1,974,406**	**1,290,412**	**53.0%**
SHAREHOLDERS' EQUITY	2,036,490	1,350,814	50.8%
NET DEBT / (FINANCIAL POSITION)[28]	(62,084)	(60,402)	2.8%
TOTAL SOURCES OF FINANCING	**1,974,406**	**1,290,412**	**53.0%**

Net working capital of the Group rose from EUR 1,290,412 thousand as at 31 December 2014 to EUR 1,947,406 thousand as at 31 December 2015. The increase of the net invested capital is attributable to the operation of merger with THE NET-A-PORTER Group. In fact, the values adjusted by the operation show trends in line with the past year. Note the continuous investment of the new Group in the technical-logistics platform and in technology. The net financial position improved, going from EUR 60,402 thousand as at 31 December 2014 to EUR 62,084 thousand as at 31 December 2015.

[26] Net working capital is current assets, net of current liabilities, with the exception of cash and cash equivalents, bank loans and borrowings and other financial payables due within one year and financial assets and liabilities included under other current assets and liabilities. Net working capital is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the balance obtained by the Company may not be comparable with those calculated by such groups.

[27] Net invested capital is the sum of working capital, non-current assets and non-current liabilities, net of medium-/long-term financial liabilities. Net invested capital is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the balance obtained by the Company may not be comparable with those calculated by such groups.

[28] Net debt (or net financial position) is the sum of cash and cash equivalents, other current financial assets, net of bank loans and other financial liabilities falling due within one year, other current financial liabilities, and medium-long term financial liabilities. Net debt (or net financial position) is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the balance obtained by the Company may not be comparable with those calculated by such groups. For details of the items that make up net debt (or net financial position), see the table below in the section Debt/Consolidated net financial position. "Other current financial assets" are not regulated in detail in the definition of net financial debt (or net financial position) of SECR; the Group integrates this definition by including in "other current financial assets" the credits held towards acquirers and logistic operators, who are required to collect payment upon delivery.

Change in pro-forma net financial position in the year ended 31 December 2015:

THOUSANDS OF EUROS	31 DEC 2015	31 DEC 2014	% CHANGE
EBITDA EXCLUDING INCENTIVE PLANS	133,093	105,911	25.7%
FINANCIAL INCOME AND EXPENSES	1,346	3,486	-61.4%
TAX	(28,902)	(18,904)	52.9%
CHANGE IN ORDINARY WORKING CAPITAL	(12,189)	(40,614)	-70.0%
DISBURSEMENTS FOR INVESTMENTS IN FIXED ASSETS	(83,748)	(54,794)	52.8%
OTHER	(4,139)	9,762	>100%
FREE CASH FLOW	**5,461**	**4,847**	**12.7%**
CHANGE RELATING TO MERGER OPERATION	(19,416)	-	>100%
EXERCISE OF INCENTIVE PLANS	15,637	21,738	-28.1%
CHANGE IN NET FINANCIAL POSITION	**1,682**	**26,585**	**-93.7%**

PRO-FORMA DEBT/CONSOLIDATED NET FINANCIAL POSITION

The table below gives details of the YNAP Group's net financial position as at 31 December 2015.

THOUSANDS OF EUROS	BALANCE AT 31 DEC 2015	BALANCE AT 31 DEC 2014	% CHANGE
CASH AND CASH EQUIVALENTS	130,340	118,559	9.9%
OTHER CURRENT FINANCIAL ASSETS	63,057	38,829	62.4%
BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES	(29,450)	(30,759)	-4.3%
OTHER CURRENT FINANCIAL LIABILITIES	(645)	(155)	>100%
SHORT-TERM NET FINANCIAL POSITION	**163,303**	**126,474**	**29.1%**
MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	(101,219)	(66,072)	53.2%
CONSOLIDATED NET FINANCIAL POSITION	**62,084**	**60,402**	**2.8%**

The Group's policy is to maintain an adequate margin of financial flexibility through available "committed" lines of credit, capable of supporting future development plans.

The Group met its financial needs during the year by using lines of credit in order to finance investments and use equity at the time of acquisition campaigns and the integration of THE NET-A-PORTER Group.
To ensure adequate financial flexibility also in years to come, in 2015 the Company renegotiated its lines of credit with the major banks and as at 31 December 2015 had a total of EUR 219 million available expiring on average in between 4 and 5 years, of which approximately EUR 98 million was not utilised. The annual cost on the nominal value of the total of lines of credit was equal to an average spread of approximately 150 bps + the Euribor reference rate.

Cash and cash equivalents totalled EUR 130,340 thousand as at 31 December 2015, and are made up of cash, negotiable instruments and demand deposits or short-term deposits with banks, which are actually available and readily usable.

As at 31 December 2015, financial liabilities stand at EUR 130,668 thousand and are mainly made up of medium-/long-term loans taken out to fund the investment in the techno-logistics platform. In particular the existing financing was obtained from Banca Nazionale del Lavoro in the amount of EUR 8,500 thousand (including EUR 3,500 thousand to be repaid in the short-term), Banca Sella in the amount of EUR 2,917 thousand (including EUR 1,667 thousand to be repaid in the short-term), the EIB in the amount of EUR 36,163 thousand (including EUR 8,918 thousand to be repaid in the short-term), Unicredit in the amount of EUR 30,000 thousand (including EUR 3,330 thousand to be repaid in the short-term),from Mediocredito in the amount of EUR 40,000 thousand to be repaid in the long-term and for EUR 3,479 from an overdraft with HSBC. The remaining financial liabilities refer to financial leasing agreements totalling EUR 2,615 thousand (of which EUR 1,558 thousand is short-term) dedicated to investments in technology, two finance agreements with De Lage Landen for a total of EUR 129 thousand to be repaid in the short-term and current IFI financial payables (Factoring) for a total of EUR 6,730 thousand, in addition to related accruals (EUR 355 thousand).

Other current financial liabilities at 31 December 2015, equal to EUR 645 thousand, are attributable to the negative fair value of operations in derivatives (accounted for in accordance with IAS 39 using the cash flow hedge method) carried out to hedge the interest rate risk in relation to financing agreements (EUR 295 thousand) and the negative fair value of operations in derivatives carried out to hedge the interest rate risk in relation to sales in Japanese yen (EUR 350 thousand).

Other current financial assets as at 31 December 2015, equal to EUR 62,954 thousand refer mainly to financial receivables due to the Group from acquirers who manage authorisation for cards belonging to national/international credit or debit card companies used for online sales, and logistics operators who are asked for cash for payments on delivery (EUR 51,394 thousand, of which EUR 43,209 thousand as THE NET-A-PORTER Group consolidation contribution) and an interest-bearing deposit with the BNL financial institution (EUR 10,218 thousand). The remaining part is attributable to the positive fair value of transactions in derivatives (accounted for according to IAS 39 using the Cash flow hedge method) set up to hedge the exchange rate risk deriving from sales in US dollars (EUR 103 thousand), financial deferrals recognised at the end of the quarter (EUR 1,102 thousand) and financial receivables due from the associate (EUR 240 thousand).

RECONCILIATION OF PARENT COMPANY'S EQUITY AND PROFIT FOR THE YEAR WITH THE EQUITY AND PROFIT FOR THE YEAR PERTAINING TO THE GROUP

The following table provides a reconciliation of the Parent Company's equity and profit for the year with the same consolidated figures pertaining to the Group for 2014 and 2015.

	31 DEC 2015		31 DEC 2014	
THOUSANDS OF EUROS	NET INCOME	SHAREHOLDERS' EQUITY	NET INCOME	SHAREHOLDERS' EQUITY
PARENT COMPANY'S FIGURES	**(11,351)**	**1,989,365**	**11,544**	**143,495**
CONSOLIDATION ADJUSTMENTS				
DIFFERENCE BETWEEN CARRYING AMOUNT AND PROPORTIONAL SHARE OF EQUITY OF SUBSIDIARIES AND ASSOCIATES	27,688	47,798	4,110	15,200
ELIMINATION OF INTRA-GROUP PROFITS	493	(1,225)	(2,140)	(732)
TAX IMPACT ON UNREALISED INTRA-GROUP PROFITS	(222)	551	288	329
TOTAL CONSOLIDATION ADJUSTMENTS	**27,959**	**47,125**	**2,258**	**14,799**
EQUITY AND PROFIT PERTAINING TO THE GROUP	**16,608**	**2,036,490**	**13,802**	**158,294**

INFORMATION ON SIGNIFICANT NON-EU COMPANIES

YOOX NET-A-PORTER GROUP S.p.A. has acknowledged the revision to Consob Regulations concerning markets, which was adopted in Resolution 16191 of 29 October 2007 and subsequent revisions concerning the listing of non-European parent companies.
In this regard, since YOOX NET-A-PORTER GROUP S.p.A. directly or indirectly controls eight significant companies established and governed by laws of countries not belonging to the European Union ("Significant Non-EU Companies"), it has planned and taken the measures necessary to ensure full compliance with these regulations.

In particular, it should be noted that:

- all Significant Non-EU Companies already prepare financial schedules for the purpose of preparing the consolidated financial statements; the statement of financial position and income statement of these companies are available to shareholders of YOOX NET-A-PORTER GROUP S.p.A. at the times and in the manner set forth in the applicable regulations;

- YOOX S.p.A. has obtained the by-laws and determined the composition and powers of the corporate bodies of the Significant Non-EU Companies;

- Significant Non-EU Companies provide the Parent Company's auditors with all the information necessary to audit the annual and interim financial statements of the Parent Company; in addition, these companies have an administrative and accounting system capable of regularly providing the financial statements figures needed for the preparation of the consolidated financial statements to the YNAP Group's management and auditors.

In order to fulfil its regulatory obligations, the supervisory body of YOOX NET-A-PORTER GROUP S.p.A. has verified whether the administrative and accounting system is adequate to regularly provide the management and auditors of YNAP S.p.A. with the financial statement figures needed for the preparation of the consolidated financial statements, and has verified the effectiveness of the flow of information through meetings with the auditors and with the managers.

OTHER INFORMATION

The controlled companies do not hold any shares of YOOX NET-A-PORTER GROUP S.p.A. The Parent Company does not have any controlling companies.

Relations between the Group companies can be summarised as follows:

- the supply of products to subsidiaries earmarked for sales on the US, Japanese and Asia-Pacific area websites;

- maintenance and support services, and updating of the subsidiaries' sites;

- administrative, financial and legal services provided to subsidiaries;

- customer services provided in support of the customer services localised at the subsidiaries;

- consulting and support services in the area of fashion, marketing, advertising and professional training provided to subsidiaries.

Relations among the Group companies or between the latter and related parties cannot be defined as either atypical or unusual, as they come under the normal course of the Group's business and take place in normal market conditions and in the interest of the actual Group. There were no atypical or unusual transactions. For more details, please refer to the consolidated financial statements as at 31 December 2015.
These transactions were carried out under normal market conditions, i.e., under the same conditions that would apply between two independent parties.
All receivables, payables and related costs and revenue incurred between Group companies are reported in detail in the consolidated financial statements as at 31 December 2015.

For trade transactions between Group companies and parties included among shareholders and/or directors, refer to the consolidated financial statements as at 31 December 2015.

For the financial statements impact of the Group transactions with related parties, refer to the consolidated financial statements as at 31 December 2015.

YOOX
NET-A-PORTER
GROUP

YOOX NET-A-PORTER GROUP S.p.A.

RECLASSIFIED INCOME STATEMENT OF YOOX NET-A-PORTER GROUP S.P.A.

YOOX S.p.A. reclassified income statement for the year ended 31 December 2015:

THOUSANDS OF EUROS	31 DEC 2015	31 DEC 2014	CHANGE	
NET REVENUES	517,829	435,387	82,442	18.9%
COST OF GOODS SOLD	(373,367)	(314,995)	(58,372)	18.5%
GROSS PROFIT	**144,463**	**120,392**	**24,071**	**20.0%**
% of net revenue	27.9%	27.7%		
FULFILMENT COSTS	(44,075)	(33,032)	(11,043)	33.4%
SALES AND MARKETING COSTS	(32,176)	(28,882)	(3,294)	11.4%
EBITDA PRE CORPORATE COSTS	**68,211**	**58,478**	**9,733**	**16.6%**
% of net revenue	13.2%	13.4%		
GENERAL EXPENSES	(28,410)	(13,689)	(14,720)	>100%
OTHER INCOME AND EXPENSES	(4,087)	(2,434)	(1,654)	68.0%
EBITDA	**35,715**	**42,355**	**(6,641)**	**(15.7%)**
% of net revenue	6.9%	9.7%		
DEPRECIATION AND AMORTISATION	(29,085)	(25,364)	(3,721)	14.7%
NON-RECURRING EXPENSES	(18,366)	-	(18,366)	-
OPERATING PROFIT	**(11,736)**	**16,991**	**(28,727)**	**> 100%**
% of net revenue	-2.3%	3.9%		
RESULT OF EQUITY INVESTMENTS	3,160	2,162	998	46.2%
FINANCIAL INCOME	4,916	2,801	2,115	75.5%
FINANCIAL EXPENSES	(10,097)	(4,318)	(5,779)	>100%
PROFIT BEFORE TAX	**(13,757)**	**17,636**	**(31,393)**	**> 100%**
% of net revenue	-2.7%	4.1%		
TAXES	2,406	(6,092)	(8,499)	100%
NET INCOME FOR THE FISCAL YEAR	**(11,351)**	**11,544**	**(22,895)**	**>100%**
% of net revenue	-2.2%	2.7%		
EBITDA EXCLUDING INCENTIVE PLAN COSTS	**37,169**	**43,591**	**(6,422)**	**(14.7%)**
% of net revenue	7.2%	10.0%		
CONSOLIDATED NET INCOME EXCLUDING INCENTIVE PLANS	**2,246**	**12,488**	**(10,242)**	**(82.0%)**
% of consolidated net revenues	0.4%	2.9%		

The Parent Company's revenue, net of returns and customer discounts for 2015, was EUR 517,829 thousand, an increase of 18.9% on the previous year. This revenue includes amounts relating to the Parent Company's supply of products to subsidiaries earmarked for sales on the North American, Japanese, Asia Pacific area and Chinese online stores.
EBITDA totalled EUR 35,715 thousand, representing 6.9% of sales.
Net profit for 2015 was negative by EUR 11,351 thousand, compared to the positive 2014 figure of EUR 11,544 thousand recorded for 2014.

INVESTMENTS OF YOOX NET-A-PORTER GROUP S.P.A.

In 2015 YOOX NET-A-PORTER GROUP S.p.A. made investments totalling EUR 47,570 thousand. Since nearly all the Group's investments were made by the Parent Company, see the Investments section for additional information.

SUMMARY FINANCIAL POSITION OF YOOX NET-A-PORTER GROUP S.P.A.

YOOX NET-A-PORTER GROUP S.p.A. reclassified income statement for the year ended 31 December 2015:

THOUSANDS OF EUROS	BALANCE AT 31 DEC 2015	BALANCE AT 31 DEC 2014	% CHANGE
NET WORKING CAPITAL	61,229	66,279	-7.6%
NON-CURRENT ASSETS	1,956,582	79,387	>100%
NON-CURRENT LIABILITIES (EXCLUDING FINANCIAL LIABILITIES)	(221)	(450)	-50.9%
NET WORKING CAPITAL	**2,017,590**	**145,216**	**>100%**
SHAREHOLDERS' EQUITY	1,989,365	143,495	>100%
NET DEBT/ (FINANCIAL POSITION)	28,224	1,721	>100%
TOTAL SOURCES OF FINANCING	**2,017,590**	**145,216**	**>100%**

YOOX NET-A-PORTER GROUP S.p.A. consolidated statement of cash flows for the fiscal year at 31 December 2015:

THOUSANDS OF EUROS	31 DEC 2015	31 DEC 2014	% CHANGE
CASH FLOW GENERATED BY (USED IN) OPERATING ACTIVITIES	15,879	14,658	8.3%
CASH FLOW GENERATED BY (USED IN) INVESTING ACTIVITIES	(61,745)	(38,467)	60.5%
SUBTOTAL	**(45,866)**	**(23,809)**	**92.6%**
CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES	39,545	74,851	-47.2%
TOTAL CASH FLOW GENERATED DURING THE YEAR	**(6,321)**	**51,042**	**<100%**

The net financial position of the Parent Company as at 31 December 2015 was negative to the tune of EUR 28,224 thousand, compared with EUR 1,721 thousand negative as at 31 December 2014.
As already indicated, in accordance with the Group's organisational structure, treasury operations are centralised at the Parent Company, YOOX NET-A-PORTER GROUP S.p.A., which manages all lines of credit provided to the Group.
Cash and cash equivalents totalled EUR 84,680 thousand as of 31 December 2015, a significant increase on the figure at 31 December 2014, and are made up of cash, negotiable instruments and demand deposits or short-term deposits with banks, which are actually available and readily usable. For details on financing activities, see the section on the Group's debt/net financial position.

As regards the risk factors to which the Parent Company is exposed, please see the above section with reference to the YNAP Group, since these same notes also apply to YOOX NET-A-PORTER GROUP S.p.A.

YOOX
NET-A-PORTER
GROUP

INFORMATION FOR INVESTORS

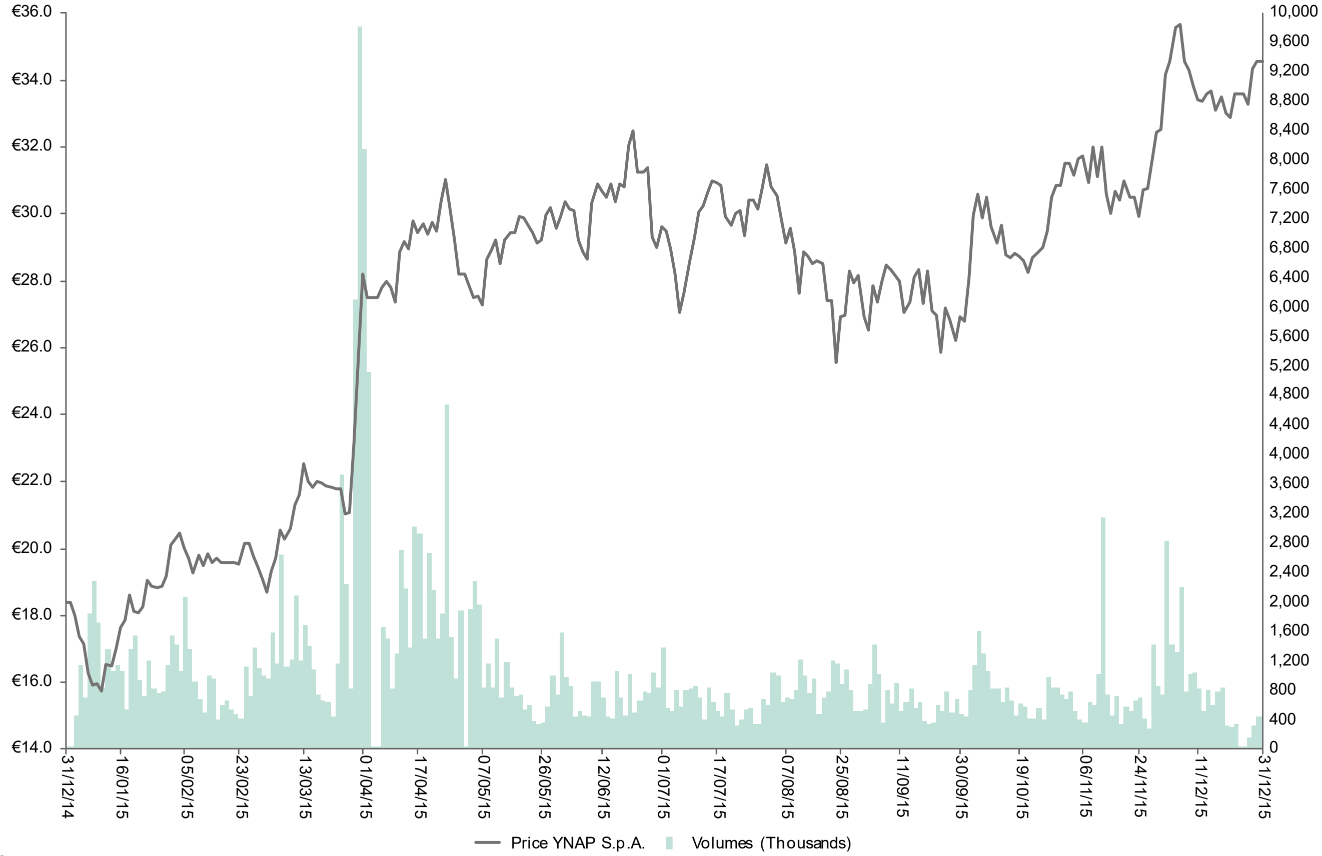
Since 3 December 2009, the Group has been listed on the STAR segment of Borsa Italiana (ISIN Code IT0003540470). On 20 September 2010, YOOX also joined the FTSE Italia Mid Cap[29] index from the previous FTSE Italia Small Cap[30] index and, subsequently, on 23 December 2013, joined the FTSE MIB – the main index of Borsa Italiana consisting of the 40 most-traded stock classes on the exchange.
On 21 July 2015, the ordinary and extraordinary shareholders meeting of YOOX S.p.A approved the merger with THE NET-A-PORTER GROUP, an operation that was disclosed to the market on 31 March 2015.
In the light of this decision, the high market capitalisation as well as inclusion in the FTSE MIB index as of December 2013, on 30 July 2015 the YOOX S.p.A Board of Directors resolved to ask Borsa Italiana to leave the STAR segment of the Mercato Telematico Azionario (MTA) (the Italian screen-based trading system) organised and run by Borsa Italiana.
On 5 October 2015, the effective merger date, the Group's new issue shares from the YOOX NET-A-PORTER GROUP operation - equal to the outstanding YOOX ordinary shares at that date, were admitted to trading on the MTA with the new ticker "YNAP" and included n the FTSE MIB index
As at 30 December 2015, the last day of trading of the year, the YOOX NET-A-PORTER GROUP stock closed at Euro 34.55, corresponding to a market capitalisation of Euro 4.5 billion.

From admission to the Stock Exchange at the end of 2013, the stock increased eightfold, compared with the placement price (Euro 4.3), recording growth of 704%.

YOOX NET-A-PORTER STOCK PERFORMANCE IN 2015

YOOX NET-A-PORTER GROUP ended 2015 among the top three stocks on the FTSE MIB with an increase of 87.8% after reaching the highest levels in the second half of the year and achieving a performance better than the benchmark index of 75.1 percentage points (FTSE MIB +12.7% in 2015). This performance was particularly significant considering that in 2015 the Milan stock exchange index growth was the highest recorded among all G8 group stock exchanges. Over the course of the year, in addition to the good performance during the first three months of 2015, the stock then benefited from the positive reaction of the market to the announcement of the merger with THE NET-A-PORTER GROUP. The operation, particularly welcomed by the financial market due to its synergy potential, was reflected as a result in the share performance with a price increase of 49.1% in the period between the announcement and the year-end (refer to the graph overleaf for the performance of the e-commerce[31], luxury[32] and Italian luxury[33] sector benchmark indices in the reference period).

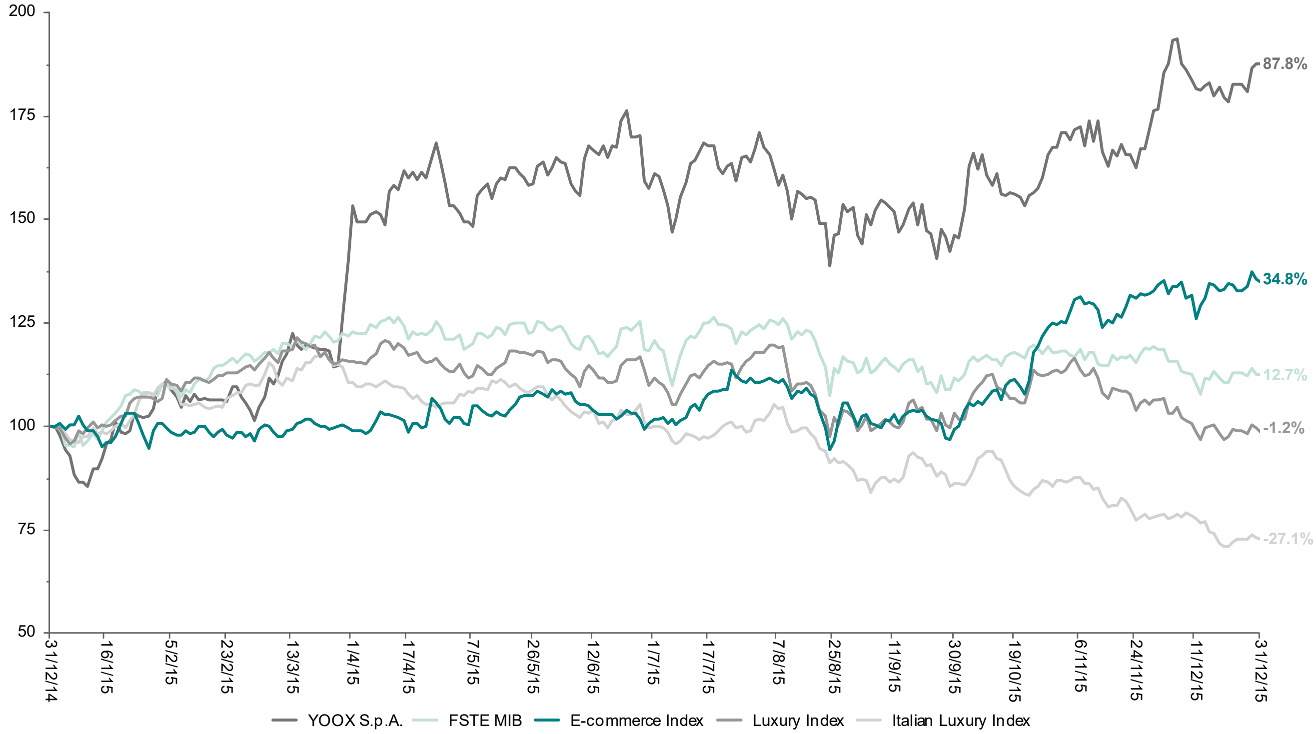
[29] The FTSE Italia Mid Cap index includes the top 60 companies in terms of capitalisation and liquidity outside of the FTSE MIB index.
[30] The FTSE Italia Small Cap index includes companies certified after the application of certain liquidity and free float schemes outside of the FTSE MIB and FTSE Italia Mid Cap indices.
[31] The representative index for the e-commerce sector includes Amazon, ASOS, boohoo.com, Blue Nile, eBay, Start Today, Zalando and Zulily.
[32] The representative index of the luxury sector includes Brunello Cucinelli, Compagnie Financière Richemont, Hermès, Kering, LVMH, Moncler, Prada, Salvatore Ferragamo and Tod's.
[33] The representative index of the Italian luxury sector includes Brunello Cucinelli, Moncler, Prada, Salvatore Ferragamo and Tod's.



Source: Factset

YOOX
NET-A-PORTER
GROUP

YOOX NET-A-PORTER GROUP SHARE PERFORMANCE COMPARED WITH THE MAIN BENCHMARK INDICES IN 2015



Source: Factset

The table below summarises key stock and stock exchange data for 2015.

STOCK AND STOCK EXCHANGE DATA	30 DECEMBER 2014
CLOSING PRICE AS AT 30/12/2015 EURO)	34.550
MAXIMUM CLOSING PRICE FOR 2015 IN EURO – 07/12/2015	35.650
MINIMUM CLOSING PRICE FOR 2015 IN EURO – 12/01/2015	15.730
MARKET CAPITALISATION AS AT 31/12/2015 (EURO MILLION)	4,495.849

Source: Borsa Italiana

STOCK ANALYST COVERAGE

Stock analyst coverage as at 9 March 2015 includes Goldman Sachs International, Mediobanca, Equita, Intermonte, Gruppo24Ore, Bank of America Merrill Lynch, Deutsche Bank, Citi, Kepler Cheuvreux, Exane BNP Paribas, Banca IMI, JP Morgan, Fidentiis to which Morgan Stanley and Berenbeg were added in 2015.

SHAREHOLDER STRUCTURE

As at 31 December 2015, the share capital issued stood at Euro 1,301,258.85 corresponding to a total of 130.125.885 shares with no indication of par value, pursuant to Article 2346 of the Italian Civil Code of which 85,220,252 were ordinary shares, admitted to trading on the MTA and 44,905,633 were B Shares with no voting rights, not listed on the MTA.

As at 31 December 2015, as far as we are aware, according to the Shareholder Register, plus the notifications received pursuant to Article 120 of the TUF and other information available, holders of significant stakes in YOOX NET A-PORTER GROUP S.p.A. share capital were as follows:

SHAREHOLDERS	31 DECEMBER 2015
COMPAGNIE FINANCIÈRE RUPERT	24.283%
RENZO ROSSO	6.086%
FEDERICO MARCHETTI	6.060%
CAPITAL RESEARCH AND MANAGEMENT COMPANY	3.518%

Note: percentages calculated on 85,220,252 ordinary shares.

INVESTOR RELATIONS

The Group places a particular emphasis on developing its relationships with analysts, shareholders and institutional investors. During the first half of the year the Group's activities were divided between participation in large conferences and the organisation of roadshows in some of the main financial centres in Europe and the United States.
Financial communication continued to take place according to the rules stipulated by Borsa Italiana on price-sensitive press releases, in keeping with the Group's wish to provide timely, transparent information to support its relations with the financial community.

RISK FACTORS

The Group is exposed to various types of risks related to the business in which it operates.

To mitigate the risks, YNAP adopted an organisational structure to manage the risk control organisational model appropriately in view of the risk exposure, with an approach preserving the efficacy and profitability of operations along the whole value chain, according to the best practice of enterprise risk management. Following a precise policy, certain roles and responsibilities were established and specific procedures were defined, guaranteeing the analysis, measurement, monitoring and management of risks, as described more in detail in the Corporate Governance and Proprietary Asset Report.

The risks and uncertainties described below are not the only ones, to which the Group is exposed. Additional risks and uncertain events, of which the Group is aware or presently considers irrelevant, could also become important factors and influence activity. In case any of the events occurs, it could considerably and unfavourably affect the activity, financial situation and economic results of the Group.

The main operational risk factors are identified as:

- *Risks related to maintaining of relations with strategic and commercial partners*

The activity and the strategy of the Group are based, among other things, on close cooperation with strategic partners in management of Mono-brand online stores. The Company cannot exclude that the absence or non-development, for any reason, of the above-mentioned cooperation with new strategic partners, could have negative effects on the activity of the Group and on its economic, asset and financial situation.

The Group also maintains relations with multiple business partners regarding Multi-brand business lines. It has long-term, consolidated relations with the majority of them. However, it cannot be ruled out that termination of such relations for any reason, or reduction of delivery of products by the partners, or delivery at less favourable conditions, could negatively influence the capacity of the Group to obtain supplies in an adequate measure compared to the current or future demand for products by clients.

- *Risks related to obtaining expected benefits from the acquisition of THE NET-A-PORTER GROUP*

The acquisition of the 100% investment in THE NET-A-PORTER GROUP and the related integration of the two businesses has the objective of benefiting from the integration synergy useful for long-term business planning.

The capacity of obtaining benefits from the integration is critical for the Group in order to maintain the international development approach to its activities.

The inability of the new YNAP Group to successfully integrate the activities of YOOX and THE NET-A-PORTER GROUP and obtain the synergies expected from the merger could significantly prejudice the economic, asset and financial results of the Group.

- *Risks related to fluctuations of exchange rates and interest rates and credit access risk*

The Group operates in various countries and a consistent part of activities is performed on international markets.

YNAP S.p.A. prepares its consolidated financial statement in its operative currency (the Euro), while the financial statements of each controlled company are prepared using the operative currencies of those companies.

Consequently, the fluctuations of exchange rates of operative currencies of foreign companies of the YNAP Group with respect to the functional currency used by the Company has an impact on the economic and financial conditions of the YNAP Group. Therefore, the revenues and profits of the Group are subject to the risk of fluctuation of exchange rates with the resulting potential effect on the activity, results and economic and financial situation of the YNAP Group.

The YNAP Group is exposed mainly to US dollar, Russian rouble, Japanese yen, British pound sterling, Chinese renminbi, Hong Kong dollar, Australian dollar, Korean won and Canadian dollar.

The exposure to interest rate risk derives from the need of financing the operative activities of the YNAP Group, in particular the infra-annual need for working capital and capital account investments, apart from use of cash and cash equivalents. The rate risk is related to the uncertainty of variable type interest rates. In particular, a rate increase could result in an increase in financial costs of variable rate debt, and therefore in an increase of the cash flow part to be used to service debt and therefore an increase of the cash flow to be used to service debt and therefore a reduction of available cash flow.

Presently the Group has Euribor indexed financing and credit lines, therefore it is subject to the risk of interest rate increase. To mitigate this risk the YNAP Group obtained Interest Rate Swaps to cover the existing medium-/long-term financing.

Regarding the credit access risk, the Group has access to lines of credit at favourable market conditions. In the case of a change in the conditions of the financial markets and the global economy, the Group might need to obtain further financing at less favourable market conditions, which would result in higher financing costs.

- *Risks related to functioning of IT systems*

The Group operates in the electronic commerce sector. This activity is based on the use of information systems, which are subject to multiple operational risks. For example, they may involve malfunctioning and defects of software programming, equipment defects, work interruptions, illegal actions of third parties and/or exceptional events such as natural disasters, which could prejudice the correct functioning of such systems and oblige the Group to suspend or interrupt the provision of services.

Carrying out the Group's activity is also strictly correlated with the capacity to protect its IT systems and technological equipment from damage caused by interruption of telecommunication and energy services, viruses and cyber-attacks and other events that can affect the normal execution of activities.

- *Risks related to the growth of electronic commerce market*

The Group operates in the sector of electronic commerce. This sector experienced an increase of business volumes in the recent years due to a constant growth of demand, and therefore, increased sales of products.

The e-commerce sector depends significantly on the development of interconnection networks and instruments, clients' desire to buy online, and the development of activities, including Internet marketing activities.

- *Risks related to change of client preferences*

The sector where the YNAP Group operates is sensitive to changes in consumer spending habits. This sector may be influenced by the economic context of the countries where the activity is performed, consumer spending power, uncertainty surrounding economic prospects and future policies and changing consumer orientation.

- *Risks related to changing political, regulatory and legislative conditions of countries where the Group operates*

The Group operates in multiple countries on a global scale, given the international nature of its activity. the YNAP Group is obviously exposed to risks affecting all globally operating businesses as listed below:

- Exposure to local economic conditions and policies;
- Implementation of restrictive import and/or export policies;
- Being subject to multiple tax regimes, including transfer pricing rules and application of deductions or other taxes on royalties and other payments from or to subsidiaries;
- Introduction of policies limiting or restricting foreign investments and/or commerce, as well as exchange rate control policies and related restrictions of repatriation of capital;
- Introduction of more restrictive laws or regulations (in particular in relation to online activities and protection of consumers in online transactions).

- *Risks related to the high level of competitiveness of the market of reference*

Group revenue is generated in a highly competitive sector of e-commerce YNAP competes with other international operators of the sector, mainly in Europe and North America. These markets are highly competitive in terms of product and service quality, innovation and economic conditions.

- *Risks related to technological development*

The Internet and the e-commerce sector are characterised by fast technological development and experience competitive pressure resulting from technological development.

The success of the Group also depends on the capacity to innovate its technologies quickly and efficiently, and strengthen the existing ones in order to benefit from technological progress and solutions emerging in the sector.

- *Risk related to selection and training of qualified staff*

The Group's success depends largely on its ability to find, train and retain professionals with the skills necessary for the development of the Group and individual business areas.

The inability to attract, retain and motivate new, qualified resources could therefore have negative impact on the business perspectives of the Group, its economic results and financial situation.

- *Risk related to the presence of restrictive covenants in Group's financing agreements, which could limit its financial and operative flexibility.*

Some financing agreements related to the Group's debt contain certain covenants, limiting the possibilities of Group's companies to:

- Increase their debt;
- Make certain investments;
- Conclude certain types of transactions with associated companies;
- Sell certain types of assets or merge with other companies;
- Use their assets as guarantees in other transactions; and
- Conclude sales transactions with buy-back agreements.

- *Risk related to stock sizing*

The complexity associated with stock sizing with regard to the Multi-brand business line, connected with the accurate projection of the quantity and range of products to be marketed, represents a risk for the YNAP Group.

- *Risks relating to Legislative Decree 231/01*

In the implementation of the provisions of Legislative Decree 231/2001, the Group companies adopted the Organisational Model of Management and Control and created a Supervisory Body.

Please refer to the Report on Corporate Governance and Ownership Structure for more details regarding this risk.

ADDITIONAL INFORMATION

In accordance with the requirements of IFRS 7, the financial statements as at 31 December 2015 include an analysis of the nature and extent of the risks associated with the financial instruments to which the Group is exposed, as well as the methodologies used to manage these risks. Below is a summary of such financial risks. Please see the explanatory notes for further information.

- *Market risk assuming the form of financial risk related to exchange rate fluctuations and financial risk related to interest rate fluctuations*

The Group operates on many global markets and is exposed to market risks related to fluctuations of exchange rates and interest rates. The exposure to exchange risks is related mainly to different geographical distribution of the service.

Consistent with its risk management policies, the Group protects itself from risks of exchange rate fluctuations using financial hedging instruments.

The Group is also exposed to the risk of interest rate fluctuations. The Group's exposure to interest rate risk is mainly due to the volatility of financial costs related to debts expressed at a variable rate.

The Group's operational and financial policies are meant to minimize the impact of such risks on the Group's performance by improving economic results and net financial position.

- *Liquidity risk*

Liquidity risk is the Group's risk related to difficulty to meet obligations associated with financial liabilities.

- *Credit risk with financial counterparties and commercial counterparties*

Credit risk refers to the Group's exposure to potential financial losses resulting from not meeting contractual obligations by commercial and financial counterparties. Exposure to credit risk is limited since payments are cashed at the time of sale or delivery in case of payment upon reception of merchandise.

*****

The Group and companies included in the scope of consolidation have taken all necessary precautions to ensure the proper monitoring and mitigation of the operational and financial risks noted above.

Overall, the Group is not facing risks that could potentially prevent the continuation of activity.

INFORMATION CONCERNING MEASURES TO PROTECT PRIVACY

Following the creation of the new Group (YNAP), the requirements of protection of information assets inevitably increased in terms of complexity and variety. Therefore, it is necessary to pay attention to aspects not present or not considered so far in order to pursue common objectives with a mutual approach.
Moreover, the increased focus of institutions on an international level, determined also by arising disputes regarding confidentiality and protection of information on a global level, requires the adoption of a more structured and reactive internal vision. In view of this it was necessary to create an area dedicated to analysis and optimised application of compliance in the area of security of e-commerce transactions and protection of information, with special attention to the rights of users (both internal and external). This area adopted an approach aimed at adjustment of protection to the regulations of the most demanding countries.

YNAP pays the maximum attention to the security of online transactions and protection of its information assets by using the strictest security systems and standards and by an effective application of the norms in force. Regarding online transaction guarantees, the Group complies fully with the PCI-DSS international standard and uses the most advanced technological and encoding systems for purchasing. In terms of protection of personal data, the approach of localisation of protection of rights of end users determines a better experience focused on local perception. Moreover, in order to use big data more efficiently, the Group is planning to set up a Data Protection Committee, whose task will be to evaluate and approve the compliance of proposed projects.

Therefore, in order to protect the confidentiality, integrity and availability of information related to clients, employees and partners, the Group commits to the integration and execution of the project of establishing an Information Security Management System based on the ISO/IEC 27001 standard. This framework is meant to guarantee a high level of security by introducing a formal process of Information Risk Analysis based on an internationally recognised methodology and an approach by design. This risk analysis allows the Information Risk Committee, established within the framework, to assess the information risk trends on a quarterly basis and take the appropriate preventive actions.

The management system is designed to include and satisfy all regulatory requirements to which the Company is subject from an information perspective and, at the same time, to optimise efforts and share the technological solutions and techniques adopted.

The entire framework is based on a continuous improvement cyclical approach, which guarantees a high level of effectiveness and ensures that the challenges that modern information systems face relating to security of information are constantly dealt with.

HUMAN RESOURCES

The Group encourages the professional development and growth of its people, fully aware of how important they are to the success of the business. The management of people is central to valuing the potential of individuals and creating a harmonious work environment with growth as the goal.
The pursuit of company goals with a view to excellence is related to the ability to work with a team spirit with constant attention to professionalism, passion and motivation.

In a context featuring strong growth at an international level as well, the Group is adopting a series of principles for the management of human resources which features the development of relations directed at propriety and transparency, impartiality and honesty.
The Group is also committed to valuing differences and diversity in the management of human resources in the conviction that taking different points of view into consideration can create added value and contribute to the enrichment of relations, both from a professional and human point of view.

VALUES

Ethical principles, enthusiasm for one's work and the pursuit of excellence are considered fundamental values in the working environment.
Induction Days for new employees include an introductory module on the importance of corporate values.

HEADCOUNT

As at 31 December 2015, the Group total headcount stood at 3,901 employees, a net increase of 3,016 employees compared with 31 December 2014, essentially due to the consolidation in 2015 of THE NET-A-PORTER Group. The table below shows a breakdown of the headcount[34]:

N°	31 DEC 2015	31 DEC 2014	CHANGE
MANAGERS	33	31	2
JUNIOR MANAGERS	70	66	4
EMPLOYEES AND TRAINEES	817	700	117
ABROAD	2,981	88	2,893
TOTAL HEADCOUNT	3,901	885	3,016

The foreign headcount of the Group showed an increase compared with the same period in the previous year through the contribution of THE NET-A-PORTER Group consolidated as at 31 December 2015

GENDER EQUALITY AND WORKING ENVIRONMENT

Equal treatment of persons within the Group in concrete terms involves guaranteeing, starting from the recruitment stage through all activities carried out, no discrimination for reasons of race, gender, nationality, sexual orientation, social status, physical appearance, religion and political persuasion.

ASSESSMENT AND DEVELOPMENT OF CAPITAL

In 2015 too, the Group adopted Performance Evaluation for employees, aimed at promoting the development of its resources and guaranteeing a clear and constant dialogue between managers and co-workers throughout the year.

Performance Evaluation is a system that analyses the value created by every single employee in performing the professional role assigned to them. The system has two different methods of evaluation:

- Evaluation of skills;
- Meeting business objectives (MBO) and meeting Department Targets.

[34] The headcount does not include the Chief Executive Officer of YOOX S.p.A., interns or contractors.

This system provides the Company with objective, shared and transparent input data with which to calculate the variable component of compensation for eligible employees, as well as the most important indicators for starting staff management and development plans

RECRUITMENT AND SELECTION AND TRAINING

The Group is committed to promoting the development and implementation of transparent hiring policies fully compliant with equal opportunities and valuing diversity. Candidates are selected based on their professional qualities and how suited they are to the role.

YNAP, by virtue of the specific nature of its business, which features a high innovative and technological content, continues to hire people with specific expertise in new technologies. For this reason the Group places special importance on the recruitment, selection and successful integration of personnel in the Company and looks for dynamic people driven by change and innovation.
The instruments and channels used for recruiting candidates, especially new graduates and high school leavers, give priority to the website and relations with schools and universities, where there are special arrangements.
The selection and recruitment process is aimed at the search for the most talented people who prove they have the best aptitude and technical-specialist skills for the posts to fill.
The selection process features a first phase dedicated to an aptitude and motivation assessment, as well as a second one focusing more on technical and professional aspects.

Training has always played a very important role for the Group. There were numerous training events in 2015, with various specific targets:

- Induction for newly hired employees: introduction to the new YNAP business model, presentation of the Company's procedures and structure, on-the-job digital-production training and customer care training, lasting a total of two months;

- Specialist and managerial training courses (English, project management, time management, public speaking, leadership and team management);

- Mandatory training courses on Organizational Model 231, the Code of Conduct, privacy and data security, workplace health and safety, first aid and fire safety.

The Group's commitment to collaboration with the academic world continues. Specifically, relations with the University of Bologna were maintained (in the various faculties and schools), the Bocconi University, Bocconi SDA, Polytechnic of Milan, Milan Marangoni Institute, through meetings, presentations and case studies.
In line with the international development of the Group, in recent years the company has increasingly looked towards the international market, both in the search for highly educated professionals and, in some cases, also for recent graduates, managing relations and collaborating with some of the major Business Schools.

HEALTH AND SAFETY

For the Group, health and safety in the workplace for all collaborators, in compliance with existing regulations and the main contents of the Code of Ethics, is a priority. Specifically, the Group strives to provide working conditions that ensure respect for the physical and moral integrity of its workers.
In order to guarantee constant attention to the subject of Occupational Health and Safety, YNAP places special attention on training activities, defining training proposals aimed at different professional profiles.

Already in 2013 the group adopted the "Environment and Safety" policy, defining the company approach to the environment and constituting the base of the "Integrated Environmental, Health and Safety Management System" in a programmed way. The Policy identifies the needs of internal and external participants in terms of environment and safety and constitutes the departure point for pursuing measurable improvement objectives.

NON-COMPETITION AGREEMENT

Some managers and several other key company resources connected with the unique nature of the Company's business have signed a non-competition agreement.

ORGANISATIONAL STRUCTURE

In 2015, the organisational structure was analysed and reviewed in order to better support the development of the business lines. All organisational changes are notified promptly and clearly, in compliance with the instructions in the "Information flows of the Supervisory Body and reporting" of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01.

ENVIRONMENT

In recent years the YNAP Group has increasingly followed a sustainability route based on the consideration that conducting its operations in full compliance with environmental and social values is one of the foundations for creating value for the business in the long term, for the benefit of multiple stakeholders.
The Group sustainability policy on environmental issues includes:

- the rationalisation of the use of resources and the increase in efficiency of energy consumption, with regard to the management of offices, the IT sector and employee mobility;
- recourse to renewable energy sources;
- taking decisions aimed at sustainability in the management of company operations, especially with regard to the choice of packaging materials for products and sharing the best operational solutions with partners for managing shipping;
- raising the awareness of employees and customers with regard to respect for the environment, also through the development of the YOOXYGEN projects incubator.

The dissemination of the culture of sustainability within YNAP is managed, among other things, through the sharing of the "Eco-sustainable behaviour manual", which provides instructions and guidelines about virtuous environmental practices on macro themes, such as paper, water, energy, waste and transport.

MANAGEMENT APPROACH TO ENVIRONMENTAL ISSUES

YNAP's performance in the management of the major environmental issues is measured and monitored through a dedicated KPI system. The gradual expansion of spaces, the growth in volumes of activities managed, products moved and data centres used are therefore managed by trying to maximise efficiency in the use of resources.
The Environmental Management System according to the UNI EN ISO 14001:2004 standard was confirmed and renewed in 2015 to guarantee a structured approach in the management of environmental issues. YOOX NET-A-PORTER GROUP S.p.A. also extended the certification of the integrated safety and environment management system to the Casalecchio sul Reno production unit.
The management of the integrated system and the monitoring of its effectiveness are handled by dedicated in-house personnel working alongside specialist consultants.

THE FIGHT AGAINST CLIMATE CHANGE

The YNAP Group has developed initiatives that aim to combat climate change for the purpose of safeguarding the environment and, at the same time, creating value.

With this in mind, YOOX has set itself achievable targets commensurate with its importance in the sector in which it operates, and it continues along its chosen path with a view to:

- increasing the use of renewable energy sources;
- improving efficiency in the management of resources at operational sites, especially through plant design (energy, water, paper and waste);
- improving the efficiency of IT infrastructures at hardware and application level, with a 100% green IT Department supporting business activities;
- improving the mobility of personnel in the Company through solutions which have a reduced impact on the environment;
- monitoring environmental impacts related to the movement and shipping of products and sharing efficiency initiatives with logistics partners;
- supporting initiatives that aim to raise customer awareness regarding respect for the environment, alongside international structures, designers and creative talents under the scope of the YOOXYGEN projects incubator.

YNAP aims at reconciling the business growth with actions intended to guarantee the rationalisation of consumption and energy efficiency. The strategic choice is to adopt an automated logistics platform, upgraded every year, enabling much less energy to be used compared to a traditional logistics structure handling the same volume.

CORPORATE GOVERNANCE

The YOOX NET-A-PORTER GROUP S.p.A. Parent Company corporate governance model is described in detail in the Report on corporate governance and shareholder structure as at 31 December 2015, which should be referred to.
The significant corporate governance events that have taken place in 2015 are listed below.

THE NET-A-PORTER GROUP INTEGRATION PROJECT

During the year, a complex operation was completed aimed at allowing the aggregation of the activities of YOOX and THE NET-A-PORTER GROUP resulting in the merger by incorporation which effectively took place on 5 October 2015 (the "**Merger**") of Largenta Italia S.p.A., a special purpose vehicle, indirectly controlling, as at the effective date of the Merger, THE NET-A-PORTER GROUP Limited ("**Largenta Italia**") into YOOX S.p.A., with the concurrent change of company name of the latter to YOOX NET-A-PORTER GROUP S.p.A.

The main stages that led to the Merger are summarised below:

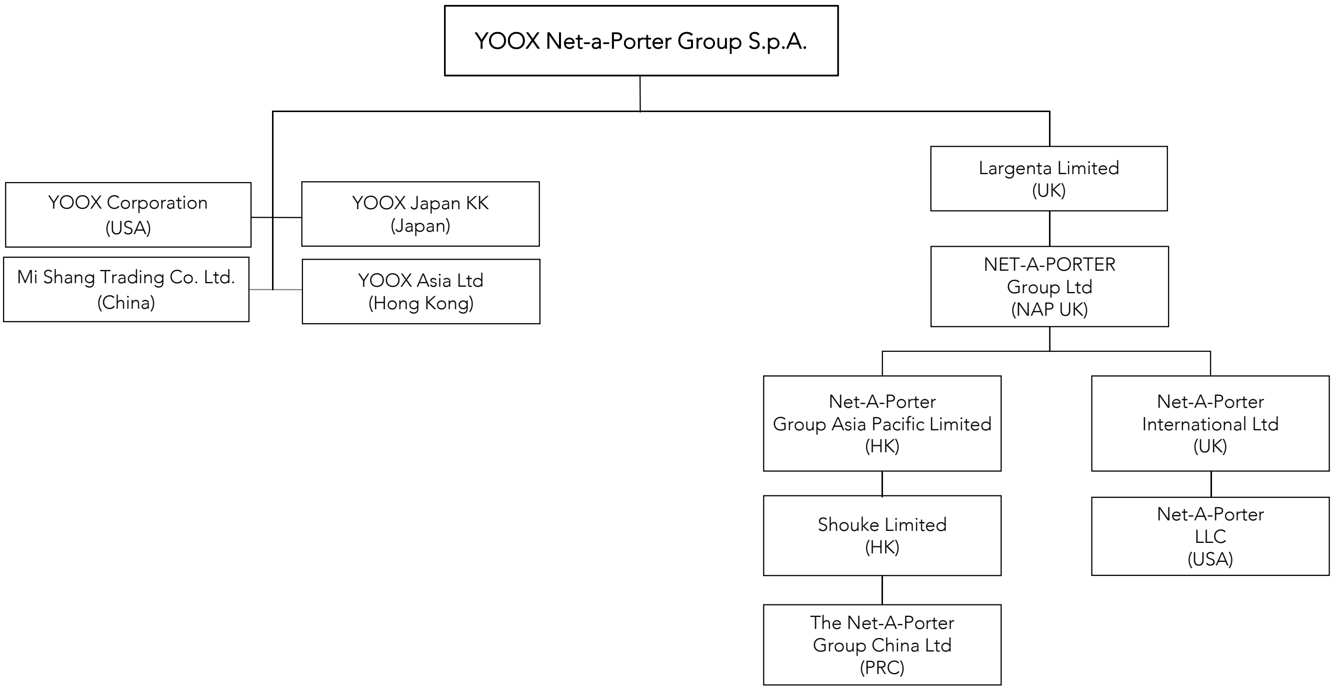
- on 31 March 2015, YOOX S.p.A. on the one side and Compagnie Financière Richemont S.A. ("**Richemont**") and Richemont Holdings UK Limited ("RH") on the other side entered into an merger agreement (the "**Merger Agreement**") regarding, among other things, initially the Merger, the transfer in kind by RH to Largenta Italia S.p.A. of the shares representating the entire share capital of Largenta Limited, a company under English law controlled by RH, owner as at the date the deed of merger was signed of shares representing the entire share capital of THE NET-A-PORTER GROUP.
- On 23 and 24 April, the Boards of Directors of YOOX S.p.A. and Largenta, respectively approved the merger project prepared in accordance with Article 2501-*ter* of the Civil Code (the "**Merger Project**"); on 21 July 2015, the extraordinary shareholders' meeting of YOOX and that of Largenta Italia then approved the Merger Plan;
- On 28 September 2015, the deed of merger was signed which took effect at 00.01 on 5 October 2015 (the "**Effective Date of the Merger**");

- To service the Merger exchange ratio, the share capital of the Issuer was increased by a total nominal amount of Euro 655,995.97 through the issuing of a total of 65,599,597 shares in favour of RH, of which 20,693,964 were ordinary shares and 44,905,633 were shares with no voting rights ("B Shares");

- Pursuant with the provision of the Merger Project, from the Effective Date of the Merger, the new articles of association (the "Articles of Association" or "By-Laws") came into force which include, among other things: (i) the change of company name from "YOOX S.p.A." to "YOOX NET-A-PORTER GROUP S.p.A." and, in abbreviated form "YNAP S.p.A."; (ii) the transfer of the registered office from Zola Predosa (Bologna) to Milan; and (iii) the introduction of B Shares, a new category of YNAP shares with no voting rights, as described below. Note that in the Report, unless stated otherwise, the forecasts in the Articles of Association are referred to. In addition, from the Effective Date of the Merger and as a result of the latter, the appointment of two further members of the Company's Board of Directors was required.

As of 5 October, the Company's ordinary shares issued to service the Merger were admitted to trading on the Mercato Telematico Azionario (MTA - the Italian screen-based trading system); at the same time the Company's ordinary shares admitted to trading on the MTA adopted the name YNAP and are included in the FTSE MIB index. Therefore, according to the provisions of the agreements, starting on the date of effect of the merger, Richemont, the sole shareholder of Largenta Italia S.p.A., holds 50% of the share capital of the Company.

The structure of the Group following the merger is shown below[35]



EXCHANGE RATIO

The exchange ratio defined for the merger was: *for every 1 (one) share of Largenta Italia, 1 (one) new-issue YOOX share.*
On 18 June 2015, Baker Tilly Revisa S.p.A., in its capacity as joint expert appointed by the Court of Bologna pursuant to Article 2501-*sexies* of the Italian Civil Code to prepare the report on the consistency of the Exchange Ratio, issued the "Independent auditors' report on the exchange ratio of shares pursuant to Article 2501-*sexies* of the Italian Civil Code", with no findings. The report is available at the YOOX registered office, on the Issuer's website www.ynap.com.com (Governance/Shareholders' Meeting Section) and from the "eMarket storage" authorised storage mechanism, which may be accessed via the website www.emarketstorage.com.

[35] The figure does not include inactive companies belonging to the YNAP Group.

From an operational perspective, activities are now being launched for the integration project in order to take full advantage of identified and potential synergies.

GRANTING OF SHARES FOLLOWING THE EXERCISE OF STOCK OPTIONS

On 23 March 2015, 59,800 YOOX S.p.A. ordinary shares were allocated following the exercise of 1,150 options relating to the 2007-2012 Stock Option Plan at a strike price of EUR 59.17 per option.

On 14 April 2015, 75,400 YOOX S.p.A. ordinary shares were allocated following the exercise of 1,450 options relating to the 2007-2012 Stock Option Plan at a strike price of EUR 59.17 per option.

On 31 July 2015, 3,900 YOOX S.p.A. ordinary shares were allocated following the exercise of 75 options relating to the 2006-2008 Stock Option Plan at a strike price of EUR 59.17 per option.

On 5 August 2015, 31,200 YOOX S.p.A. ordinary shares were allocated following the exercise of 600 options relating to the 2007-2012 Stock Option Plan at a strike price of EUR 106.50 per option.

On 11 November 2015, 2,391,956 YNAP shares were allocated following the exercise of 1,500 thousand options related to the 2012-2015 plan at the strike price for each option of EUR 9.60 and 17,153 options related to the 2007-2012 plan at a strike price of EUR 59.17 per option.

As a result of this, the share capital issued by YNAP S.p.A. at 31 December 2015 is equal to EUR 1,301,258.85 represented by 130,125,885 ordinary shares with no par value, including 85,220,252 ordinary shares and 44,905,633 B Shares.

STOCK GRANT PLAN

On 27 April 2012, the Shareholders' Meeting, pursuant to Article 114-*bis* of Legislative Decree 58/1998, approved the establishment of an incentive and loyalty plan known as the Stock Grant Plan for employees of the Issuer and companies directly or indirectly controlled by it, to be implemented by the granting, free of charge, of a total of 550 thousand YOOX S.p.A. ordinary shares, giving the Board of Directors the mandate to adopt the relative regulations. At the date of this document, it has not yet been implemented.

For more information on the Stock Grant Plan and the relative characteristics, refer to the prospectus produced pursuant to Article 84-*bis* of the Issuers' Regulation, which can also be consulted on the Company's website www.ynap.com (Corporate Governance / Company Documents Section).

2012-2015 STOCK OPTION PLAN AND GRANTING OF OPTIONS RELATNG TO 2012-2015 STOCK OPTION PLAN

On 29 June 2012, the Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of an incentive and loyalty scheme known as the 2012-2015 Stock Option Plan for the Issuer's executive directors, to be implemented through the free granting of options valid for subscribing new-issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).

In its extraordinary session, the same Shareholders' Meeting approved the divisible paid-in capital increase for a maximum amount of EUR 15,000.00 to be transferred to the share capital, with the exclusion of the option right pursuant to Article 2441, paragraph 4, second period of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the 2012-2015 Stock Option Plan referred to above. The details of the Plan can be consulted on the Company website www.ynap.com (Corporate Governance / Company Documents Section).

The strike price of each option, for the subscription of 1 new-issue ordinary share under the capital increase, has been set at EUR 9.60, i.e., equal to the weighted average of the official YOOX S.p.A. ordinary share prices recorded on the Mercato Telematico Azionario, the Italian screen-based trading system organised and managed by Borsa Italiana S.p.A., in the thirty trading days prior to the option grant date.

The 2012-2015 Stock Option Plan involves granting a total of 1,500 thousand YOOX ordinary shares.

For details of the 2012-2015 Stock Option Plan, including the implementation terms and conditions, refer to the prospectus produced pursuant to Article 84-*bis* of Consob Regulation No. 11971/1999, which can be consulted on the Company website www.ynap.com in the Governance – Company Documents section.

On 12 September 2012 the Company's Board of Directors, in execution of the "YOOX S.p.A. Stock Option Plan for 2012-2015", approved the plan's regulation and, on the proposal of the Remuneration Committee, approved the allocation of 1,500 thousand options valid for the subscription of 1,500 thousand YOOX ordinary shares (in the ratio of 1 new ordinary share for every 1 option exercised) in favour of the CEO Federico Marchetti.

Pursuant to a resolution of the Board of Directors passed on 25 February 2015, the intermediate vesting thresholds for the 2014 tranche of the "2012-2015 Stock Option Plan" were modified and, consequently, a total of 500.000 options (corresponding to 500.000 ordinary shares) became exercisable by the CEO.

2014 - 2020 STOCK OPTION PLAN

On 17 April 2014, the Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of an incentive and loyalty scheme known as the "2014 - 2020 Stock Option Plan" reserved exclusively for the employees of the Issuer and of companies controlled by it directly or indirectly, to be implemented through the free granting of options valid for subscribing new-issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised). According to the Plan, up to 500 thousand options may be granted, which would provide the right to subscribe an equal number of new-issue shares.

For details of the 2014 - 2020 Stock Option Plan, including the implementation terms and conditions, refer to the prospectus produced pursuant to Article 84-*bis* of Consob Regulation No. 11971/1999, which can also be consulted on the Company's website www.ynap.com (Corporate Governance / Company Documents Section).

The "2014 - 2020 Stock Option Plan" has never been implemented and the Extraordinary Meeting of 16 December 2015 revoked the decision implementing it, as well as the share capital increase resolution to service said plan, both approved by the Ordinary Meeting of YOOX NET-A-PORTER GROUP S.p.A. (formerly YOOX S.p.A.) of 17 April 2014, which therefore should be considered null.

2015-2025 STOCK OPTION PLAN AND GRANTING OF OPTIONS RELATING TO THE 2015-2025 STOCK OPTION PLAN

On 16 December 2015, the Extraordinary Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the creation of a new incentive and loyalty plan called "2015 - 2025 Stock Option Plan" reserved for directors, managers and employees of YNAP and companies controlled by it directly or indirectly, to be implemented by the granting free of charge of up to 6,906,133 options valid for the subscription of the same number of new-issue shares of YNAP (at the ratio of one ordinary share for each exercised option), originating from a share capital increase with payment with the exclusion of option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, after revocation of the "2014 - 2020 Stock Option Plan" created by the Ordinary Meeting of 17 April 2014.

At the same session, the Meeting also approved the share capital increase to service the Plan for up to the nominal amount of EUR 69,061.33 by means of payment and in tranches, pursuant to Article 2441 paragraphs 5 and 6 of the Italian Civil Code, with exclusion of option rights, by issuing 6,906,133 new ordinary shares of YNAP with no par value, with the same characteristics as the outstanding ones, with regular dividends, after the revocation of the capital increase decision of the Ordinary Meeting of the Company of 17 April 2014, and the corresponding amendment of Article 5 of the Company by-laws.

The issue price of the new shares was set at the strike price of the options granted by the Plan, with the attribution of EUR 0.01 for each share issued to the capital. The maximum number of newly issued ordinary shares servicing the Plan corresponds to a percentage of 5.0% of the fully diluted total capital of the Company (the share capital issued and paid-up in case of full exercising of the stock options assigned in the existing stock option plans of the Company and including the capital increase decided upon by the Shareholders' Meeting).

On 16 September, the Company's Board of Directors approved the Regulation governing the "2015 - 2025 Stock Option Plan" and, on the proposal of the Remuneration Committee, decided on the allocation in favour of 40 directors and executives with strategic responsibilities of 5,783,147 options valid for the subscription of 5,783,147 YNAP ordinary shares (in the ratio of 1 new ordinary share for every 1 option exercised).

In accordance with the provisions of the Plan, the subscription price of each share is equal to EUR 32.466, corresponding to the arithmetic mean of official prices registered for ordinary shares of YNAP on the Electronic Stock Exchange, on days the market is open for trading of Options in the period between the Assignment Date (15 December 2015) and the date of the assigning of the Options (16 November 2015) of the previous calendar month.

For more information regarding the main characteristics of the Plan please refer to the Board of Directors Report and Information Document issued pursuant to Article 84-*bis* of the Consob Regulation 11971/1999 (as supplemented on 24 November 2015 and updated on 9 March 2016), available at the registered office and on the Company's Internet site www.ynap.com (Governance Section - Meeting of Shareholders).

APPLICATION OF THE DISCLOSURE OBLIGATION SIMPLIFICATION SCHEME IN COMPLIANCE WITH CONSOB RESOLUTION 18079 OF 20 JANUARY 2012

Pursuant to Article 3 of the Consob Resolution 18079 of 20 January 2012, the Company decided to join the opt-out regime described in Article 70, paragraph 8, and 71, paragraph 1-*bis,* of the Consob Regulation 11971/99 (as later amended and supplemented), taking advantage of the possibility of exemption from the obligation of the publication of the information documents described in Annex 3B to the aforementioned Consob Regulation on the occasion of significant merger, demerger, capital increase operations through the contribution of assets in kind, acquisitions and transfers.

BOARD OF DIRECTORS

The Issuer's Board in office at the date of this Report comprises 11 (eleven) members:

- 7 (seven) members were appointed by the ordinary shareholders' meeting held of 30 April 2015 based on the lists presented (six members taken from list no. 1 submitted by the outgoing Board of Directors and the remaining members taken from list no. 2 submitted by a group of institutional investors), in conformity with the provisions of the by-laws in force at that date. The following persons were appointed as Directors based on the two lists presented:

    - Federico Marchetti (Executive Director)
    - Robert Kunze-Concewitz (Lead Independent Director)
    - Raffaello Napoleone (Chairman)
    - Stefano Valerio (Vice-Chairman)
    - Laura Zoni
    - Catherine Gérardin Vautrin
    - Alessandro Foti

    Directors Richard Lepeu and Gary Saage were appointed by the ordinary meeting held on 21 July 2016 with effect from the Effective Date of the Merger; and

- 2 (two) further independent directors Eva Chen and Vittorio Radice were appointed by the ordinary meeting held on 16 December 2015.

The Board will remain in office until the date of the Shareholders' Meeting called for the approval of the financial statements as at 31 December 2017.

BOARD OF STATUTORY AUDITORS

On 30 April 2015, the Shareholders' Meeting appointed the Board of Statutory Auditors for the three-year period 2015-2017. It is composed of:

- Marco Maria Fumagalli (Chairman)
- Giovanni Naccarato (Standing Auditor)
- Patrizia Arienti (Standing Auditor)
- Andrea Bonechi (Alternate Auditor)
- Nicoletta Maria Colombo (Alternate Auditor)

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

The Shareholders' Meeting of 30 April 2015, convened at a single call, in ordinary session, approved the separate financial statements at and for the year ended 31 December 2014, resolving to carry forward the Company's entire net profit for the year.

REMUNERATION REPORT

The Shareholders' Meeting of 30 April 2015 approved, with a non-binding vote, Section I of the Remuneration Report prepared pursuant to Article 123-*ter* of Legislative Decree 58/1998 and 84-*quate*r of Consob Regulation 11971/1999, as well as in accordance with Annex 3A Tables 7-*bis* and 7-*ter* of the same Regulation.

PURCHASE AND DISPOSAL OF TREASURY SHARES

The Shareholders' Meeting on 30 April 2015, approved and authorised the purchase of treasury shares, under Articles 2357, 2357-*ter* of the Italian Civil Code and Article 132 of Legislative Decree 58/1998 and the related implementation provisions, revoking the authorisation for the purchase of treasury shares decided upon by the Shareholders' Meeting of 17 April 2014 for the non-executed part.

As at the date of this document, the Company holds 17,339 treasury shares in its portfolio, equal to 0.020% of its current ordinary share capital.

DIRECTORS' APPOINTMENTS COMMITTEE

The present Directors' Appointments Committee was constituted by the Board decision of 30 April 2014 and then integrated by the decision of the Board of Directors of 11 November 2015. It is composed of four non-executive directors, with two of them, including the Chairman, independent, in persons of:

- Alessandro Foti – Independent Director - Chairman;
- Richard Lepeu - Non-Executive Director;
- Stefano Valerio – Non-Executive Director;
- Laura Zoni - Independent Director.

REMUNERATION COMMITTEE

The current Compensation Committee was established by the Board resolution of 30 April 2015 and comprises three Non-executive directors, the majority of whom are independent, namely:

- Robert Kunze-Concewitz – Independent Director - Chairman;
- Catherine Gérardin – Independent director;
- Stefano Valerio – Non-Executive Director

CONTROL AND RISK COMMITTEE

The current Control and Risk Committee was established by the Board resolution of 30 April 2015 and comprises three Non-executive directors, all of whom are independent, namely:

- Alessandro Foti – Independent Director - Chairman;
- Catherine Gérardin – Independent Director;
- Raffaello Napoleone – Independent Director.

COMMITTEE FOR RELATED-PARTY TRANSACTIONS

The Committee for Related-Party Transactions, appointed at the board meeting of 30 April 2015, is composed of:

- Catherine Gérardin Vautrin – Independent Director - Chairwoman;
- Robert Kunze-Concewitz – Independent Director;
- Alessandro Foti – Independent Director.

SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/2001

The Supervisory Body, in office until the approval of the financial statements as at 31 December 2017, was first appointed by the Board on 30 April 2015 and comprises three members: Rossella Sciolti, an external member, as Chairperson, Isabella Pedroni, an external member, and Filippo Tonolo (nominated by the Board of Directors on 11 November 2015 as a replacement for Riccardo Greghi), an external member and Internal Audit Manager of the Issuer[36].

DIRECTOR RESPONSIBLE FOR PREPARING THE FINANCIAL STATEMENTS

The Issuer's Board of Directors in office on 24 April 2015 appointed Enrico Cavatorta as Chief Financial and Corporate Officer effective as of 27 April 2015.

As of 1 May 2015, he was also assigned the role of Director responsible for preparing the financial statements, pursuant to Article 154-*bis* of Legislative Decree 58/1998.

[36] Appointed by the Board of Directors on 11 November 2015, which also resolved on the appointment of Filippo Tonolo as member of the Supervisory Body pursuant to Article 231/2001 for the entire duration of his office as Head of the Company's Internal Audit department. The latter was discontinued on 9 March 2016, when the Board of Directors appointed Mr Matteo James Moroni as Head of the Internal Audit Department and internal member of the Supervisory Body with effect as of the same date. In this regard, please see paragraph 11 of the Report.

SUBSEQUENT EVENTS

Following the merger and subsequent increase of the Group's business structure, YOOX NET-A-PORTER GROUP has accelerated the implementation of its strategy in order to increasingly focus on its highest potential single-brand collaborators, through a dynamic management of its portfolio geared towards profitability.

Specifically, YOOX NET-A-PORTER GROUP S.p.A. has signed two agreements, with a duration of five years, for the development and global management of the online stores Chloé and Alfred Dunhill, brands of the Richemont Group. The launch of chloe.com is expected to take place during 2016, while dunhill.com was launched on 23 February 2016.

The partnership for the management of moncler.com "Powered by YOOX NET-A-PORTER GROUP" has been renewed for a further five years until 1 January 2021, following an agreement signed between Industries S.p.A. and YOOX NET-A-PORTER GROUP S.p.A. on 1 January 2016.

Finally, six single-brand agreements will not be renewed with Pringle of Scotland Ltd, Barbara Bui S.A., TRS Evolution S.p.A., Roberto Cavalli S.p.A., EZI S.p.A. and Brunello Cucinelli S.p.A. which, in 2015, accounted for 0.6% of the Group's pro forma net sales.
Specifically, the TRS Evolution, Barbara Bui and Brunello Cucinelli online stores will be deactivated in the first half of 2017, while that of EZI shall be deactivated in the second half of 2016 and both pringlescotland.com and robertocavalli.com shall be deactivated in the first half of 2016.
By mutual agreement with the Brands, the partnerships with Brunello Cucinelli, EZI, Roberto Cavalli and Barbara Bui shall be re-focused on the Group's online multi-brand stores, with the aim of maximising the online business potential.

BUSINESS OUTLOOK

On the basis of the Group's leadership position in luxury fashion e-commerce and the good prospects of the online retail market, it is reasonable to assume that in 2016 YOOX NET-A-PORTER GROUP can achieve further business growth. It is also reasonable to expect this result to contribute positively to all lines of business and major geographical markets.
The Company expects to achieve positive net synergies in its income statement as early as within the current financial year..
The Group plans to invest approximately EUR 150 million during 2016. Most of this will be devoted to investments in technology and especially to developments aimed at creating a single global techno-logistics platform, common to all of the new Group's online stores, in order to offer its customers and brand partners an increasingly excellent service.

PROPOSED RESOLUTION OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

We would therefore like to make following proposals to you:

- To approve the separate financial statements of YOOX NET-A-PORTER GROUP S.p.A. as at 31 December 2015, which report a net loss of EUR 11,350,537.07 (eleven million, three hundred and fifty thousand, five-hundred and thirty-seven Euros and seven Euro cents) together with this Directors' Report;

- To cover the loss for the year through the partial use of the "Reserves for undistributed profits and losses" amounting to EUR 11,350,537.07 (eleven million, three hundred and fifty thousand, five-hundred and thirty-seven Euros and seven Euro cents);

- To increase the legal reserve to up to EUR 260,251.77 (two hundred and sixty thousand, two hundred and fifty-one Euros and seventy-seven Euro cents), equal to 20% of the share capital subscribed and paid up at EUR 1,301,258.85 (one million, three hundred and one thousand, two hundred and fifty-eight Euros and eighty-five Euro cents) applying to the "Reserves for undistributed profits and losses";

We also suggest that you acknowledge that the YNAP Group's Consolidated Financial Statements as at 31 December 2015 show a net profit of EUR 16,608,135.01 (sixteen million, six hundred and eight thousand, one hundred and thirty-five Euros and one Euro cent).

Milan, 9 March 2016
For the Board of Directors

Chairman of the Board of Directors
Raffaello Napoleone

ANNEXES TO THE DIRECTORS' REPORT

ANNEX 1: INCENTIVE PLANS AND IMPACT ON THE PRO-FORMA RECLASSIFIED CONSOLIDATED INCOME STATEMENT

Impact of incentive plans in the third quarter of 2015:

THOUSANDS OF EUROS	Q4 2015	% TOTAL	Q4 2014	% TOTAL
FULFILMENT COSTS	(44,523)		(30,445)	
of which incentive plans	*(9)*	*2.0%*	*-*	*0.0%*
SALES AND MARKETING COSTS	(62,506)		(45,173)	
of which incentive plans	*(78)*	*17.7%*	*-*	*0.0%*
GENERAL EXPENSES	(36,355)		(37,164)	
of which incentive plans	*(353)*	*82.1%*	*(5,159))*	*100%*
INCENTIVE PLANS TOTAL	(440)	*100.0%*	(5,159)	*100.0%*

Impact of incentive plans in 2015:

THOUSANDS OF EUROS	31 DEC2015	% TOTAL	31 DEC 2014	% TOTAL
FULFILMENT COSTS	(165,709)		(116,578)	
of which incentive plans	*(9)*	*0.1%*	*(97)*	*0.5%*
SALES AND MARKETING COSTS	(203,546)		(151,246)	
of which incentive plans	*(78)*	*1.2%*	*(4)*	*0.0%*
GENERAL EXPENSES	(156,711)		(142,767)	
of which incentive plans	*(6,633)*	*98.7%*	*(20,131)*	*99.5%*
INCENTIVE PLANS TOTAL	(6,720)	*100.0%*	(20,232)	*100.0%*

YOOX
NET-A-PORTER
GROUP

CONSOLIDATED FINANCIAL STATEMENTS OF YNAP GROUP

YOOX
NET-A-PORTER
GROUP

YOOX
NET-A-PORTER
GROUP

Table of Contents

YOOX
NET-A-PORTER
GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015 PREPARED PURSUANT TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (1)

CONSOLIDATED INCOME STATEMENT

THOUSANDS OF EUROS	NOTES	31/12/2015	31/12/2014
NET REVENUES	8.1	922,659	524,340
COST OF GOODS SOLD	8.2	(570,893)	(336,793)
FULFILMENT COSTS	8.3	(94,178)	(49,279)
SALES AND MARKETING COSTS	8.4	(113,365)	(56,569)
GENERAL EXPENSES	8.5	(97,007)	(55,959)
OTHER INCOME AND EXPENSES	8.6	(4,638)	(2,486)
NON-RECURRING EXPENSES	8.7	(19,936)	-
OPERATING PROFIT	8.8	22,643	23,254
RESULT OF EQUITY INVESTMENTS	8.9	592	(694)
FINANCIAL INCOME	8.10	12,480	4,506
FINANCIAL EXPENSES	8.10	(14,114)	(4,437)
PROFIT BEFORE TAX		21,601	22,629
TAXES	8.11	(4,993)	(8,827)
CONSOLIDATED NET INCOME FOR THE YEAR		16,608	13,802
OF WHICH:			
ATTRIBUTABLE TO OWNERS OF THE PARENT		16,608	13,802
BASIC EARNINGS PER SHARE	8.12	0.21	0.23
DILUTED EARNINGS PER SHARE	8.12	0.21	0.22

(1) The financial statements, which were prepared in accordance with Consob Resolution 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006, are annexed to the notes to consolidated financial statements at 31 December 2015.

YOOX
NET-A-PORTER
GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THOUSANDS OF EUROS	NOTES	31/12/2015	31/12/2014
CONSOLIDATED NET INCOME FOR THE YEAR		16,608	13,802
OTHER COMPONENTS OF COMPREHENSIVE INCOME, NET OF TAX EFFECTS			
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATIONS	8.23	4,367	1,805
PROFIT/(LOSS) FROM CASH FLOW HEDGES	8.23	(585)	26
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME WHICH WILL BE (OR COULD BE) RECLASSIFIED IN THE INCOME STATEMENT		**3,782**	**1,831**
NET CHANGE IN RETAINED EARNINGS AND ACTUARIAL LOSSES RELATING TO EMPLOYEE BENEFITS	8.23	9	(14)
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME WHICH WILL NOT BE RECLASSIFIED IN THE INCOME STATEMENT		**9**	**(14)**
TOTAL CONSOLIDATED COMPREHENSIVE NET INCOME FOR THE PERIOD		**20,399**	**15,619**
OF WHICH:			
ATTRIBUTABLE TO OWNERS OF THE PARENT		20,399	15,619
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		-	-

YOOX
NET-A-PORTER
GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THOUSANDS OF EUROS	NOTES	31/12/2015	31/12/2014
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	8.13	111,246	35,663
INTANGIBLE ASSETS WITH FINITE USEFUL LIFE	8.14	66,036	35,685
GOODWILL	8.15	1,776,445	-
EQUITY INTERESTS IN ASSOCIATES	8.16	329	59
DEFERRED TAX ASSETS	8.17	56,075	10,021
OTHER NON-CURRENT FINANCIAL ASSETS	8.18	3,100	999
TOTAL NON-CURRENT ASSETS		2,013,232	82,427
CURRENT ASSETS			
INVENTORIES	8.19	531,585	222,834
TRADE RECEIVABLES	8.20	31,292	14,732
OTHER CURRENT ASSETS	8.21	34,790	7,510
CASH AND CASH EQUIVALENTS	8.22	130,340	118,028
CURRENT FINANCIAL ASSETS	8.22	62,954	9,539
TOTAL CURRENT ASSETS		790,962	372,644
TOTAL ASSETS		2,804,194	455,071
SHAREHOLDERS' EQUITY			
SHARE CAPITAL		1,301	620
RESERVES		1,968,222	107,315
LOSSES CARRIED FORWARD		50,358	36,556
CONSOLIDATED NET INCOME FOR THE YEAR		16,609	13,802
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	8.23	2,036,490	158,294
EQUITY ATTRIBUTABLE TO THIRD PARTIES		-	-
TOTAL CONSOLIDATED EQUITY		2,036,490	158,294
NON-CURRENT LIABILITIES			
MEDIUM/-LONG-TERM FINANCIAL LIABILITIES	8.25	101,219	66,072
EMPLOYEE BENEFITS	8.26	154	165
PROVISIONS FOR RISKS AND NON-CURRENT CHARGES	8.28	-	-
DEFERRED TAX LIABILITIES	8.27	6,924	285
OTHER MEDIUM/LONG-TERM PAYABLES	8.31	7,926	-
TOTAL NON-CURRENT LIABILITIES		116,223	66,522
BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES	8.25	29,450	30,759
PROVISIONS FOR RISKS AND CHARGES	9.28	90,188	482
TRADE PAYABLES	9.29	353,259	164,466
TAX LIABILITIES	8.30	29,683	320
OTHER PAYABLES	8.31	148,899	34,228
TOTAL CURRENT LIABILITIES		651,480	230,255
TOTAL CONSOLIDATED EQUITY AND LIABILITIES		2,804,194	455,071

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS AT 31/12/2015 AND 31/12/2014 – NOTE 8.23

THOUSANDS OF EUROS	*SHARE CAPITAL*	*SHARE PREMIUM RESERVE AND OTHER EQUITY-RELATED RESERVES*	*LEGAL RESERVE*	*TREASURY SHARE ACQUISITION RESERVE*	*CASH FLOW HEDGE RESERVE*	*IAS 19 RESERVE*	*STOCK OPTION RESERVE*	*TRANSLATION RESERVE*	*RETAINED EARNINGS OR LOSSES CARRIED FORWARD*	*CONSOLIDATED NET INCOME*	*SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS*	*TOTAL*
31 DECEMBER 2013	**582**	**64,261**	**193**	**(538)**	**165**	**(42)**	**19,667**	**(1,181)**	**23,935**	**12,620**	**-**	**119,663**
SHARE CAPITAL INCREASES	38	21,738	-	-	-	-	-	-	-	-	-	**21,776**
INCREASES IN RESERVES FOR SHARE-BASED PAYMENTS	-	-	-	-	-	-	1,236	-	-	-	-	**1,236**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	-	-	-	-	26	(14)	-	1,805	-	13,802	-	**15,619**
OTHER CHANGES	-	-	-	280	-	-	(280)	-	12,620	(12,620)	-	**-**
31 DECEMBER 2014	**620**	**85,999**	**193**	**(257)**	**192**	**(56)**	**20,623**	**624**	**36,556**	**13,802**	**-**	**158,294**
SHARE CAPITAL INCREASES	681	15,612	-	-	-	-	-	-	-	-	-	**16,293**
INCREASES IN RESERVES FOR SHARE-BASED PAYMENTS	-	-	-	-	-	-	1,454	-	-	-	-	**1,454**
LARGENTA GROUP MERGER DEFICIT	-	1,840,048	-	-	-	-	-	-	-	-	-	**1,840,048**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	-	-	-	-	(585)	9	-	4,367	-	16,609	-	**20,400**
OTHER CHANGES	-	-	-	95	-	-	(95)	-	13,802	(13,802)	-	**-**
31 DECEMBER 2015	**1,301**	**1,941,658**	**193**	**(162)**	**(393)**	**(47)**	**21,982**	**4,991**	**50,358**	**16,609**	**-**	**2,036,490**

YOOX
NET-A-PORTER
GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

THOUSANDS OF EUROS	NOTES	31/12/2015	31/12/2014
CONSOLIDATED NET INCOME FOR THE YEAR	8.32	16,609	13,802
ADJUSTMENTS FOR:			
TAXES FOR THE FISCAL YEAR	8.32	4,993	8,827
FINANCIAL EXPENSES DURING THE FISCAL YEAR	8.33	14,114	4,437
FINANCIAL INCOME DURING THE FISCAL YEAR	8.33	(12,480)	(4,506)
SHARE OF EARNINGS FROM ASSOCIATES	8.33	(592)	694
AMORTISATION AND IMPAIRMENT LOSSES FOR THE FISCAL YEAR	8.33	36,440	25,576
FAIR VALUE MEASUREMENT OF STOCK OPTION PLANS	8.33	1,454	1,236
UNREALISED EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES	8.33	4,367	1,805
LOSSES/(GAINS) ON SALE OF NON-CURRENT ASSETS	8.33	85	39
PROVISIONS FOR EMPLOYEE BENEFITS	8.33	60	25
PROVISIONS FOR RISKS AND CHARGES	8.33	685	492
PAYMENT OF EMPLOYEE BENEFITS	8.33	(70)	(70)
USE OF PROVISIONS FOR RISKS AND CHARGES	8.33	(457)	(431)
CHANGES IN INVENTORIES	8.34	(78,428)	(58,438)
CHANGES IN TRADE RECEIVABLES	8.34	(4,331)	(1,272)
CHANGES IN TRADE PAYABLES	8.34	48,438	43,673
CHANGES IN OTHER CURRENT ASSETS AND LIABILITIES	8.35	43,175	(794)
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		74,062	35,095
INCOME TAX PAID	8.32	(17,357)	(11,112)
INTEREST AND OTHER FINANCIAL EXPENSES PAID	8.33	(14,114)	(4,437)
INTEREST AND OTHER FINANCIAL INCOME RECEIVED	8.33	12,480	4,506
CASH FROM (USED IN) OPERATING ACTIVITIES		55,071	24,052
INVESTING ACTIVITIES			
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	8.36	(21,124)	(14,560)
ACQUISITION OF INTANGIBLE ASSETS	8.37	(39,458)	(23,865)
ACQUISITION OF EQUITY INVESTMENTS	8.38	-	(343)
ACQUISITION OF OTHER NON-CURRENT FINANCIAL ASSETS	8.39	(181)	(89)
ACQUISITION OF SUBSIDIARIES, NET OF CASH AND CASH EQUIVALENTS		(48)	-
CASH FROM (USED IN) INVESTING ACTIVITIES		(60,811)	(38,857)
FINANCING ACTIVITIES			
NEW SHORT-TERM LIABILITIES	8.42	6,848	18,894
REPAYMENT OF SHORT-TERM LIABILITIES	8.42	(10,901)	(7,189)
NEW MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	8.41	49,420	43,663
REPAYMENT OF MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	8.41	(13,214)	(1,793)
PAYMENT FOR SHARE CAPITAL INCREASE AND SHARE PREMIUM RESERVE	8.40	15,637	21,775
INVESTMENTS IN FINANCIAL ASSETS		(29,738)	(797)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		18,052	74,553
TOTAL CASH FLOW FOR THE FISCAL YEAR		12,312	59,748
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	8.22	118,028	58,280
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	8.22	130,340	118,028
TOTAL CASH FLOW FOR THE FISCAL YEAR		12,312	59,748

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

1. GENERAL INFORMATION ABOUT THE GROUP

YOOX NET-A-PORTER GROUP S.p.A. (hereinafter the "Company" or the "Parent Company") is a joint stock company with its registered office at 17, Via Morimondo, Milan, Italy.

Following the 5 October merger described below between YOOX S.p.A. and Largenta Italia S.p.A., the indirect parent of THE NET-A-PORTER GROUP, the YOOX NET-A-PORTER GROUP (hereinafter the "Group"), in addition to the Parent Company, comprises the UK group The Net-a-Porter Group Ltd, the US firms YOOX Corporation and NAP LLC to manage sales in North America, the Japanese company YOOX Japan to manage sales in Japan, Mishang Trading (Shanghai) Co. Ltd and NAP Group China Ltd to manage sales in China, YOOX Asia Limited and NAP Group Asia Pacific Ltd to manage sales in Asia Pacific, and the holding companies Largenta Ltd, NAP International Ltd, and Shouke Ltd.

The YNAP GROUP is active in electronic commerce and offers commercial services relating to clothing and fashion accessories, and more generally to anything that accessorises the person or the home, during free time, when relaxing or during leisure activities.

2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

The consolidated financial statements at 31 December 2015 were approved by the Board of Directors on 9 March 2016. They have been audited and will be presented at the shareholders' meeting.

3. STATEMENT OF COMPLIANCE WITH IFRS AND GENERAL CRITERIA USED TO PREPARE THE CONSOLIDATED FINANCIAL STATEMENTS

YOOX NET-A-PORTER GROUP S.p.A. prepared the financial statements at 31 December 2015 in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The acronym IFRS also includes all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC). The consolidated financial statements at 31 December 2015 were also drawn up in accordance with rules adopted by Consob on financial statements pursuant to Article 9 of Legislative Decree 38/2005 and other Consob rules and regulations concerning financial statements. The consolidated financial statements at 31 December 2015 were compared with the consolidated financial statements for the previous year and are made up of the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the statement of changes in equity, as well as the notes thereto.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Consob Resolution 15519 of 27 July 2006 and Communication DEM/6064293 of 28 July 2006 relating to financial statements, specific income statements, statements of financial position and statements of cash flows have been included showing significant relationships with related parties, in order to improve readability.

As indicated above, the consolidated financial statements at 31 December 2015 were drawn up in accordance with the IFRS endorsed by the European Union, and comprise the following:

Income statement

The income statement is classified by function, which is considered to provide more meaningful information than classification by nature since it is more consistent with the reporting system used by management when evaluating the performance of the business.

Statement of comprehensive income

The statement of comprehensive income presents, in a single statement, the components of profit (loss) for the year and income and expenses recognised directly in shareholders' equity for transactions not involving shareholders.

Statement of financial position

The statement of financial position presents current and non-current assets and current and non-current liabilities separately. For each item under assets and liabilities, a description is provided in the notes of the amounts expected to be settled or recovered within or after the 12-month period following the reporting date.

Statement of changes in shareholders' equity

The statement of changes in shareholders' equity reports the profit or loss for the year, including each item of revenue or cost, income or expense which, as required by IFRS and their interpretations, is recognised directly in equity, and the total of these items; total comprehensive profit or loss for the year, with separate presentation of the portion pertaining to owners of the Parent and any portion pertaining to non-controlling interests; the effect on each item of equity of changes to accounting standards and corrections of errors as required by the accounting treatment set out in IAS 8; and the balance of profit or loss carried forward at the start of the year and at the reporting date, together with the changes during the year.

The notes to the financial statements also present the amounts deriving from transactions with shareholders and reconciliation between the carrying amount of each share class, the share premium reserve and other reserves at the start and end of the year, showing each change separately.

Statement of cash flows

The statement of cash flows presents the cash flows from operating, investing and financing activities. Operating cash flows are presented using the indirect method, whereby profit or loss for the year or for the period is adjusted for non-monetary transactions, for all deferrals or provisions relating to previous or future operating receipts or payments and for revenue items relating to cash flows from investing or financing activities.

The consolidated financial statement shows a comparison with the previous year's figures. Where necessary in the case of changes to accounting standards or measurement or classification criteria, the comparative data are restated and reclassified to provide uniform and consistent information.

4. SCOPE OF CONSOLIDATION

The consolidated financial statements at 31 December 2015 include the financial statements of the Parent Company YOOX NET-A-PORTER GROUP S.p.A. and of the subsidiaries. A parent is deemed to have control when it is exposed to variable returns resulting from the equity investment and it has the power to influence the returns of the investee company or the right to manage the core business of said company. Subsidiaries of immaterial size and those where the actual exercising of voting rights is subject to major long-term restrictions are excluded from the scope of consolidation and valued at cost.

4.1 INTEGRATION WITH THE NET-A-PORTER GROUP

DESCRIPTION OF THE BUSINESS COMBINATION

On 28 September 2015, the deed of merger was signed for the acquisition of Largenta Italia S.p.A. (the "acquired" company) by YOOX S.p.A. (the "acquiring" company), assuming the company name of YOOX Net-a-Porter Group S.p.A. (YNAP S.p.A., in its abbreviated form).

This transaction is the result of the Merger Agreement signed on 31 March 2015 between YOOX S.p.A. and Compagnie Financière Richemont S.A. ("Richemont") and Richemont Holdings UK Limited ("RH") which led to the formation of one company, Largenta Italia S.p.A. (special purpose vehicle), to which, on 25 September 2015, RH granted the entire equity investment in Largenta Limited, a company under English law and owner, as at the data of signing the deed of merger, of shares accounting for the entire share capital of THE NET-A-PORTER GROUP Ltd. This transfer was made through the conditional execution of the increase in share capital of Largenta Italia, resolved by the company's Shareholders' Meeting on 23 April 2015, for a maximum of EUR 909,000 thousand, of which EUR 605,955.97 of par value and EUR 908,394,044.03 of share premium. Consequently, Largenta Limited became directly and wholly owned by Largenta Italia S.p.A.

The merger became effective as of 5 October 2015 following the signing of the related deed at the relevant offices of the Business Registry. The judgement of equivalence pursuant to Article 57, paragraph 1 of the Issuers' Regulation on the information document relating o the merger, was issued by Consob on 2 October 2015. The accounting and tax effects of the merger shall take effect as of the date of effect of transaction, on 5 October 2015.

This merger is aimed at enabling the integration of two highly complementary companies with a significant synergy potential, with the strategic goal of creating one of the world's leading groups in the online luxury fashion industry.

As at the date of effect of the merger, all of the shares of the acquired company were cancelled and exchanged with shares of the acquiring company, on the basis of the Exchange Ratio providing for the allocation, to the sole shareholder of the acquired company, of one new-issue YNAP share to each Largenta Italia S.p.A. share. YNAP proceeded with a capital increase of EUR 655,995.97, with the issue of 65,599,597 new shares with no par value, divided into 20,693,964 ordinary shares and 44,905,633 B shares, or shares with no voting rights.

INITIAL RECOGNITION OF THE BUSINESS COMBINATION

As regards the accounting of the acquisition, on the basis of IFRS 3, the acquirer shall recognise, separately from the launch, acquiring activities, liabilities and contingent liabilities assumed and must ensure their classification or designation according to the contractual terms, the economic conditions, their operating or accounting principles and are pertinent conditions, existing as at the date of the acquisition. The acquirer must also assess and account for the acquiring activities and liabilities assumed at their respective fair value as at the date of acquisition.
The IFRS 3 principle provides for an assessment period of one year during which it is possible to rectify, with retroactive effect from the date of acquisition, the provisional initial recognition of the acquisition activities and the liabilities assumed based on information that has become available during that time, concerning facts and circumstances existing as at the date of acquisition.
The identification and assessment of the assets and liabilities acquired by YOOX NET-A-PORTER GROUP as part of the business combination with THE NET-A-PORTER Group reveal a particular complexity with regard to the joining and diversification of the business areas within the acquired Group. YOOX NET-A-PORTER GROUP has promptly launched specific work groups aimed at identifying, classifying and assessing assets, liabilities and contingent liabilities constituting the business combination, as well as identifying any differences in the accounting and assessment criteria applied by the two Groups.
Specifically, in these consolidated financial statements as at 31 December 2015, the accounting values of the assets and liabilities already recognised in the financial statements of the acquired companies have been maintained, with the exception of certain provisions for risks, the value of inventories and the value of development costs, as well as the related deferred tax effects. The timely identification of all fair values of identifiable assets and liabilities acquired shall be completed in 2016, when all the necessary information is available.

YOOX
NET-A-PORTER
GROUP

The following table provides a breakdown of the initial allocated values, with reference, as the date of acquisition of 5 October 2015, to the identifiable assets acquired and liabilities assumed by THE NET-A-PORTER Group.

AMOUNTS IN THOUSANDS OF EUROS	
PROPERTY, PLANT AND EQUIPMENT	72,663
INTANGLIBLE ASSETS WITH FINITE USEFUL LIFE	12,416
DEFERRED TAX ASSETS	32,996
OTHER NON-CURRENT FINANCIAL ASSETS	1,920
INVENTORIES	225,209
TRADE RECEIVABLES	12,229
OTHER CURRENT ASSETS	32,937
CASH AND CASH EQUIVALENTS	6,168
FINANCIAL ASSETS THAT DO NOT CONSTITUTE FIXED ASSETS	23,678
DEFERRED TAX LIABILITIES	(6,237)
OTHER MEDIUM- AND LONG-TERM DEBT	(7,956)
BANKS AND OTHER CURRENT LOANS	(6,216)
PROVISION FOR RISKS AND OTHER CHARGES	(89,478)
COMMERCIAL LIABILITIES	(140,356)
TAX LIABILITIES	(25,222)
OTHER LIABILITIES	(80,470)
TOTAL NET ASSETS ACQUIRED	**64,279**
TRANSFERRED PAYMENT	**1,840,725**
DIFFERENCE BETWEEN THE TRANSFERRED PAYMENT AND NET ASSETS (GOODWILL)	**1,776,445**

The payment transferred on the date of acquisition, amounting to EUR 1,840,725 thousand, corresponding to the fair value of the new YOOX NET-A-PORTER GROUP S.p.A. shares issued for the merger on the date of the transaction.
The value of goodwill, which is still provisional and determined on the basis of the net assets acquired after elimination of goodwill recorded in the consolidated financial statements of THE NET-A-PORTER GROUP, taking into account the related tax effects.
Ancillary expenses related to the acquisition transaction for legal fees, advisors and various consultants, amounting to EUR 19,936 thousand, were fully expensed in 2015, during which year the costs were incurred.

YOOX
NET-A-PORTER
GROUP

4.2 CHANGES IN THE SCOPE OF CONSOLIDATION

The table below shows the changes in the scope of consolidation in 2015.

COMPANY	*NOTES*
LARGENTA LIMITED (UK)	ACQUISITION OF CONTROL
NET-A-PORTER GROUP LTD (UK)	ACQUISITION OF CONTROL
NAP INTERNATIONAL LTD (UK)	ACQUISITION OF CONTROL
NAP LLC (US)	ACQUISITION OF CONTROL
NAP GROUP ASIA PACIFIC LTD (HK)	ACQUISITION OF CONTROL
NEW KING GROUP LTD (BVI)	ACQUISITION OF CONTROL
SHOUKE LTD (HK)	ACQUISITION OF CONTROL
NAP GROUP CHINA LTD (CHINA)	ACQUISITION OF CONTROL
MISTER PORTER LIMITED (UK)	ACQUISITION OF CONTROL
MR PORTER LIMITED (UK)	ACQUISITION OF CONTROL
MR PORTER APOTHECARY LIMITED (UK)	ACQUISITION OF CONTROL
THEOUTNET LIMITED (UK)	ACQUISITION OF CONTROL

The changes in the scope of consolidation are due entirely to the business combination with Largenta Limited, about which more information is provided in the directors' report and in these notes.

The companies Mister Porter Limited (UK), MR Porter Limited (UK), MR Porter Apothecary Limited (UK), New King Group Ltd. (BVI) and THEOUTNET Limited were immaterial non-operating companies at the reporting date.

YOOX
NET-A-PORTER
GROUP

The scope of consolidation as at 31 December 2015 therefore comprises the following subsidiaries of YOOX NET-A-PORTER GROUP S.p.A.:

COMPANY	*REGISTERED OFFICES*	*SHARE CAPITAL AS AT 31 DEC 2015 (THOUSANDS EURO)*	*PERCENTAGE HELD AS AT 31 DEC 2015*	
			DIRECT	*INDIRECT*
THE PARENT COMPANY, YOOX NET-A-PORTER GROUP S.P.A.	17 VIA MORIMONDO – 20143 MILAN – MI, ITALY			-
LARGENTA LIMITED	15 HILL STREET, LONDON - UK	559,951	100%	
NET-A-PORTER GROUP LTD	THE VILLAGE OFFICES, WESTFIELD, ARIEL WAY, LONDON - UK	54,508		100%
NAP INTERNATIONAL LTD	THE VILLAGE OFFICES, WESTFIELD, ARIEL WAY, LONDON - UK	36,247		100%
NAP LLC	100 FIFTH AVENUE, 11TH FLOOR, NEW YORK - US	41,335		100%
NAP GROUP ASIA PACIFIC LTD	28 HENNESSY ROAD, LEVEL 27, WAN CHI - HONG KONG	22,603		100%
SHOUKE LTD	28 HENNESSY ROAD, LEVEL 27, WAN CHI - HONG KONG	1,100		100%
NAP GROUP CHINA LTD	SUITES B2, B3, C1, C3, 31ST FLOOR, 789 ZHAOJIABANG ROAD XUHUI DISTRICT, SHANGHAI – CHINA	5,698		100%
YOOX CORPORATION	100 FIFTH AVENUE, 12TH FLOOR, NEW YORK, NY, 10011	372	100%	
YOOX JAPAN	4F OAK OMOTESANDO, 3-6-1 KITA-AOYAMA, MINATO-KU TOKYO 107-0061	75	100%	
DIESEL, MARNI AND D&G; LTD	FLOOR 6, DONGLONG BUILDING NO 223 XIKANG ROAD, JING'AN DISTRICT 200050 SHANGHAI	6,000	100%	
YOOX ASIA LIMITED	UNIT 2702 27/F THE CENTRIUM, 60 WYNDHAM STREET CENTRAL, HONG KONG (CN)	91	100%	

5 ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

5.1 PRINCIPLES OF PREPARATION

The consolidated financial statements are presented in Euro and balances in the financial statements and in the notes to the financial statements are expressed in thousands of Euro, unless specifically indicated otherwise.

The consolidated financial statements were prepared on a historical cost basis (with the exception of derivative financial instruments, which are measured at fair value) and on the assumption that the business is a going concern. Despite the difficult macroeconomic environment in which it is operating, the Group believes that there are no significant uncertainties over business continuity (as defined under IAS 1.25), particularly given the strength of the Group's financial position and cash flows.

The accounting standards are applied uniformly to all Group companies. Financial transactions are recognised according to the trade date.

The accounting policies adopted for the preparation of the consolidated financial statements at 31.12.15 were applied in the same way for all periods presented for comparison.

5.2 USE OF ESTIMATES IN PREPARING THE FINANCIAL STATEMENTS

In order to prepare the financial statements and related notes, the management is required to use estimates and assumptions which affect the carrying amount of assets and liabilities reported in the financial statements and the information regarding contingent assets and liabilities at the reporting date.

Actual results may differ from these estimates. Estimates are used to recognise allowances for credit risks, provisions for obsolete inventories, depreciation and amortisation, impairment losses on assets, employee benefits, tax and other provisions. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately recognised in the income statement.

Below is a summary of the critical measurement processes and the key assumptions used by management in applying accounting policies with regard to the future, and which could have significant effects on carrying amounts stated in the consolidated financial statements, or for which there is a risk that significant adjustments may be made to the carrying amount of assets and liabilities in the year following that under review.

Allowance for impairment

The allowance for impairment reflects a management estimate of losses on the portfolio of end customer receivables. It is estimated according to expected losses by the Group on the basis of past experience with similar receivables, current and historical overdue receivables, losses and receipts, close monitoring of the quality of receivables and economic and market forecasts. The continuation of the current economic and financial crisis, and any worsening of the situation, could lead to a further deterioration in the financial circumstances of the Group's debtors, in addition to that taken into consideration in setting the provisions entered in the financial statements.

Provision for obsolete inventories

The provision for obsolete inventories reflects the management estimate of impairment expected by the Group, calculated both on the basis of experience and on anticipated market performance, taking account of particular steps taken by the company. The current economic and financial crisis could lead to a further deterioration in market conditions, in addition to that taken into consideration in setting the provisions entered in the financial statements.

Recoverable value of non-current assets and goodwill

Non-current assets include property, plant and equipment, intangible assets including goodwill and other financial assets. Management periodically reviews the carrying amount of non-current assets held and used and of assets for disposal, whenever circumstances demand. Goodwill, intangible assets with a finite useful life and development costs in progress were revised at least annually by means of impairment tests. This is achieved by using estimates of anticipated cash flows from the use or sale of the asset, and appropriate discount rates to calculate present value. When the carrying amount of a non-current asset has been impaired, the Group enters an impairment loss amounting to the difference between the carrying amount of the asset and its recoverable amount via use or sale, calculated with reference to the most recent business plans.

The Group has considered the following factors in its outlook, in view of the current economic and financial crisis:

- For the purpose of preparing the consolidated financial statements at 31 December 2015, and more particularly the impairment tests carried out on property, plant and equipment and intangible assets, the Group considered data from the Group's 2016-2019 business plan. There was no need for impairment based on these forecasts.

- In addition, if assumptions based on forecasts were to get even worse, the following should be noted: In terms of the Group's property, plant and equipment and intangible assets with a finite useful life (essentially development costs), these refer to recent applications/platforms with a high technological content, which therefore makes them competitive in the current economic climate. It is therefore thought highly probable that the life cycles of these assets could be prolonged, allowing the Group to achieve sufficient income flows to cover the investment made in the assets within the time frame identified.

Defined benefit plans

The Parent Company provides Group company personnel with a defined benefit plan (post-employment benefits). Management uses various statistical assumptions and evaluation factors to anticipate future events in order to calculate expenses, liabilities and assets related to this plan. These assumptions concern the discount rate, the expected return on plan assets, where they exist, rates for future salary increases and trends in medical care costs. The Group's actuarial advisors also make use of subjective factors, such as mortality and resignation rates. However, further significant changes in corporate bond yields, with a consequent effect on liabilities and on unrecognised actuarial gains/losses, cannot be ruled out, bearing in mind that there may also be contextual changes to the return on plan assets, where these exist.

Realisability of deferred tax assets

The Group is liable to pay tax in many countries, and certain estimates are required in order to calculate the tax burden in each jurisdiction. The Group recognises deferred tax assets up to their probable recoverable value in future years and over a time frame that is consistent with management estimates.

Contingent liabilities

The Group is involved in legal and tax disputes that concern a wide range of issues and which are governed by the respective jurisdictions of various states. Given the uncertainties inherent in these issues, it is hard to make definite predictions about disbursements relating to the disputes. The disputes with and litigation against the Group often derive from complex and difficult legal issues that are subject to a different level of uncertainty, including the individual facts and circumstances of each case, the jurisdiction and the various laws in force. In the normal course of business, management consults its own legal advisors and legal and tax experts. The Group recognises a liability for such disputes when it believes it likely that a financial disbursement will be required, and when the amount of the losses involved can be reasonably estimated. In the event that a financial disbursement becomes likely but the amount involved cannot be determined, this is reported in the notes to the financial statements.

5.3 CRITERIA FOR CONSOLIDATION

The Group's consolidated financial statements comprise the Parent Company's financial statements and those of the subsidiaries in which the Parent Company directly or indirectly holds the majority of voting rights and over which it exercises control, or from which it can make gains owing to its capacity to dictate financial and operating policy.

The financial statements of the consolidated subsidiaries are prepared using the same time frame of reference and the same accounting principles as the Parent Company.

They are included in the consolidated financial statements from the date on which the Group assumes control until this control ceases to exist. If the Group loses control of a subsidiary, the consolidated financial statements include the result of said subsidiary in proportion to the period in which the Group still had control. Any share of equity and reserves attributable to non-controlling interests in the subsidiaries and the share of the consolidated subsidiaries' profit or loss for the year attributable to non-controlling interests are recorded separately in the consolidated statement of financial position and income statement. Changes in equity interests in subsidiaries which do not result in loss of control or increase the controlling stake are recorded among changes in equity.

A list of fully consolidated companies is provided in Note 6 of these notes to the consolidated financial statements.

Equity interests in associates and joint ventures

Associates are those companies in which the Group has a considerable influence, but not control of their management or the power to decide financial and operating policies and gain benefit from the activity of these companies. Associates tend to be those companies in which the Group directly or indirectly holds 20% to 50% of share capital or voting rights, including potential voting rights that can be exercised or converted.
Associates are accounted for using the equity method and initially recognised at cost. If the Group's share of the associate's losses should exceed the carrying amount of the equity investment in said associate, the value of the investment is written off and the share of additional losses is recorded in the appropriate provisions insofar as the Group is obliged to cover its

associate's losses or fulfil obligations on its behalf. Unrealised profits and losses arising from transactions with associates are eliminated based on the equity interest held.

Transactions eliminated on consolidation

Transactions between Group companies are eliminated in full. Unrealised profits and losses from transactions with subsidiaries are also eliminated in full. Any portions of shareholders' equity and profit/ (loss) attributable to non-controlling interests are determined according to voting rights held, excluding potential voting rights. Any positive differences resulting from the elimination of investments against the amount of shareholders' equity booked at the date of initial consolidation are posted as maximum amounts under assets, liabilities and contingent liabilities, with the remainder posted to goodwill. Any negative differences resulting from the elimination of investments against the amount of shareholders' equity booked at the date of the initial consolidation are posted as minimum amounts under assets and liabilities, with the remainder entered in the income statement.

TREATMENT OF FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the spot exchange rate on the transaction date. Monetary items denominated in foreign currencies at the reporting date are reconverted into the functional currency using the spot exchange rate on that date. Exchange rate gains or losses on monetary items consist in the difference between the amortised cost of the functional currency at the start of the year, adjusted to reflect actual interest and payments made during the year, and the amortised cost of the foreign currency, translated at the spot exchange rate on the reporting date. Exchange rate differences arising from translation are recorded in the income statement.

Financial statements of foreign operations

Assets and liabilities from foreign operations are translated into Euros using the spot exchange rate on the reporting date. For practical reasons, revenue and costs from foreign operations are translated to Euros using the average exchange rate for the year, if there are no significant differences with respect to translation using the exchange rates for the individual transactions.

The exchange rate differences arising from the translation are recorded directly in equity, under "Translation reserve". In the event of the partial or complete sale of a foreign operation, the related amount of differences accrued in this reserve is recognised in the income statement.

Exchange rate gains or losses arising from translation of cash receivables or payables for foreign operations, the receipt or payment of which is neither planned nor probable in the foreseeable future, are viewed as part of net investment in foreign operations and are booked directly under shareholders' equity in the above reserve.

On the first-time adoption of IFRS, the cumulative translation differences generated by consolidation of foreign companies outside the Eurozone were reclassified to other reserves, as permitted under IFRS 1. Therefore, the capital gains and losses deriving from the future sale of these companies will include only the translation differences arising from 1 January 2007 onwards (the date of the YOOX Group's transition to IFRS).

The following table shows the exchange rates used at 31 December 2015 and 31 December 2014 for the translation of foreign-currency items in the income statement and statement of financial position. Below are also the economic items relating to the third quarter of 2015 and 2014 (source: http://www.bancaditalia.it).

	EXCHANGE RATE AT 31/12/15	AVERAGE EXCHANGE RATE FOR 2015
USD	1.0887	1.1095
YEN	131.07	134.31
CNY	7.0608	6.9733
HKD	8.4376	8.6014
GBP	0.7340	0.7259
RUB	80.674	68.072
AUD	1.4897	1.4777
CAD	1.5116	1.4186
KRW	1,280.8	1,256.5

	EXCHANGE RATE AT 31/12/14	AVERAGE EXCHANGE RATE FOR 2014
USD	1.2141	1.3285
YEN	145.23	140.31
CNY	7.5358	8.1857
HKD	9.4170	10.302
GBP	0.7789	0.8061
RUB	72.337	50.952
AUD	1.4829	1.4719
CAD	1.4063	1,4661
KRW	1,324.8	1,398.1

	AVERAGE EXCHANGE RATE Q4 2015	AVERAGE EXCHANGE RATE Q4 2014
USD	1.0953	1.2498
YEN	132.95	142.754
CNY	7.0003	7.6824
HKD	8.4889	9.6931
GBP	0.7220	0.7891
RUB	72.405	59.716
AUD	1.5205	1.4596
CAD	1.4618	1.4190
KRW	1,268.0	1,357.9

The foreign currencies are reported against Euro units.

Business combinations

The Group accounts for business combinations by applying the acquisition method as at the date on which it effectively takes control. The amount transferred and the identifiable net assets acquired are usually recorded at fair value. The book value of any goodwill is subjected to annual impairment tests. Any profits arising from a purchase at a favourable price are immediately recognised in profit for the year, while related costs (unlike those arising from the issue of debt securities or equity instruments) are recognised as expenses in the year in which they were incurred.
The amount transferred does not include sums relating to the termination of a previous relationship. These amounts are usually recognised in profit for the year.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to currency and interest rate risks.

The Group does not hold any derivative financial instruments for speculative purposes. However, in cases where derivative financial instruments do not satisfy all the necessary conditions set out for hedge accounting under IFRS, changes in the fair value of these instruments are booked in the income statement as financial income and/or expense.

Derivative financial instruments are booked according to the rules of hedge accounting when:

- at the start of the hedge, the hedging relationship is formally designated and documented;
- it is presumed that the hedge is highly effective;
- effectiveness can be measured reliably and the hedge remains highly effective throughout the designation period.

Derivatives are initially measured at fair value. The associated transaction costs are entered in the income statement when they are incurred. After initial recognition, derivatives are measured at fair value. Any changes are recognised as described below.

Cash flow hedging

The effective portion of changes in the fair value of cash flow hedging derivatives is recognised among other items of comprehensive income and presented in the cash flow hedge reserve. The ineffective portion of changes in the fair value of the derivative is recognised immediately in profit/ (loss) for the year.

The cumulative amount in equity is retained among other items of comprehensive income and reclassified to profit/ (loss) for the same year or the years in which the anticipated flows or elements being hedged produce an effect on the income statement.

Hedge accounting is terminated in advance if it is no longer expected that the scheduled transaction will take place, the hedge no longer meets the necessary criteria for such accounting, the hedging instrument expires or is sold, transferred or exercised, or the designation is withdrawn. If it is no longer expected that the scheduled transaction will take place, the cumulative amount recorded in equity is immediately reclassified to profit/ (loss) for the year.

5.4 ACCOUNTING PRINCIPLES ADOPTED

Property, plant and equipment

Valuation and measurement

Property, plant and equipment are measured at acquisition cost, including direct ancillary costs and net of accumulated depreciation and impairment losses.

Any financial expenses incurred in the acquisition or construction of capitalised assets that normally require a fixed period of time to be prepared for use or sale are capitalised and amortised over the life of the assets in question. All other financial expenses are entered in the income statement for the year in which they are incurred.

If an item of property, plant and equipment is made up of various components with differing useful lives, these components are booked separately (if they are significant components).

Any gain or loss generated by the sale of property, plant and equipment is calculated as the difference between the net proceeds from the sale and the residual net value of the asset, and is entered in the income statement under "Other income" or "Other expenses".

Subsequent costs

Costs incurred after the acquisition of the assets and the cost of replacing some parts of the assets in this category are added to the carrying amount of the item to which they relate and are only capitalised if there is an increase in the future economic benefits intrinsic to the asset. All other costs are posted to the income statement as they are incurred.

When the cost of replacing parts of the assets is capitalised, the residual value of the replaced parts is posted to the income statement. Extraordinary maintenance expenses that extend the useful life of items of property, plant and equipment are capitalised and depreciated on the basis of the remaining useful life of the assets. Ordinary maintenance costs are posted to the income statement in the tax year in which they are incurred.

Assets under construction are entered at cost under "Assets under construction" until they are available for use. As soon as they are available for use, the cost is classified under the appropriate item and becomes subject to depreciation.

Assets under finance lease

Property, plant and equipment held under finance leases, for which the Group has substantially assumed all risks and rewards of ownership, are recognised at the start date of the lease as assets at their fair value, or, if lower, at the current value of the lease payments, depreciated according to estimated useful life and adjusted for any impairment losses calculated as described below. The amount payable to the lessor is entered in the financial statements under financial payables.

Depreciation

Items of property, plant and equipment are depreciated in the income statement on a straight-line basis over their useful life.

The financial and technical useful lives of these items are assessed as follows:

Equipment	15%
General plant	15%
Specialist plant	30%
Electronic office equipment	20%
Furniture and furnishings	15%

The depreciation methods, the useful lives and residual values are verified at the reference date of the financial statements and have not been modified in relation to the previous tax year.

Intangible assets

Goodwill

Purchases of companies are accounted for using the acquisition method, to which end the identified assets acquired and liabilities assumed are recognised at their acquisition-date fair value. The acquisition cost is the sum of the fair values on the

exchange date, the assets allocated, the liabilities assumed and any equity instruments issued by the Group in exchange for control of the acquiree.
Goodwill is booked as the positive difference between the acquisition cost and the fair value of these assets acquired and liabilities assumed.
On the acquisition date, the goodwill is allocated to each cash-generating unit (CGU) that is likely to benefit from synergies resulting from the business combination.
If there is a negative difference between the acquisition cost (including the elements mentioned above) and the fair value of the assets acquired and liabilities assumed, this difference is recorded as income in the income statement for the year in which the acquisition took place.
Any goodwill pertaining to non-controlling interests is included in the carrying amount of the equity investments relating to these companies.
After initial recognition, goodwill is not amortised and is reduced by any cumulative impairment, calculated using the methods described in the section "Asset impairment and reversal of impairment losses".

Development costs

Expenses for research-related activities, which are carried out with a view to obtaining new scientific or technical knowledge and discoveries, are recognised in the income statement at the time they are incurred.

Development expenses are incurred on the basis of a plan or project to create new or substantially improved products or processes. Development expenses are capitalised only if the cost attributable to the asset during its development can be reliably measured, the product or process is technically and commercially feasible, there are probable future economic benefits and the Group intends and is able to complete the asset and either use it or sell it.
Capitalised expenses include costs for services provided by third parties and the directly attributable personnel expense. Financial expenses incurred in developing capitalised assets that normally require a fixed period of time to be prepared for use or sale are capitalised and amortised over the life of the asset class in question. All other financial expenses are entered in the income statement for the year in which they are incurred. Other development expenses are entered in the income statement at the time they are incurred.

Capitalised development expenses are booked at cost, net of accumulated amortisation and impairment losses.

Development projects in progress are entered at cost under "Intangible assets under development" until the project is completed. When the project is completed, the cost is entered under the relevant item and is subject to amortisation.

Other intangible assets with finite useful life

Other intangible assets acquired by the Group with a finite useful life are stated at cost, net of accumulated amortisation and impairment losses.

Subsequent expenses

Subsequent expenses are capitalised only if the expected future economic benefits attributable to the asset in question increase. All other subsequent expenses are recorded on the income statement for the year in which they are incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis throughout the estimated useful life of intangible assets, starting from when the asset becomes available for use. The financial and technical useful lives of these items are assessed as follows:

Development costs	33%
Software and licences	33%
Brands and other rights	10%
Other intangible assets	33%

The useful lives and the residual values are verified at the reporting date and have not changed from the previous tax year.

Investments in associates

Associates are those companies in which the Group has a considerable influence, but not control of their management or the power to decide financial and operating policies and gain benefit from the activity of these companies. Associates tend to be those companies in which the Group directly or indirectly holds 20%-50% of share capital or voting rights, including potential voting rights that can be exercised or converted.
Associates are valued at equity for as long as the Group has considerable influence over their operations. If the Group's share of the associate's losses should exceed the carrying amount of the equity investment in said associate, the value of the investment is written off and the share of additional losses is recorded in the appropriate provisions insofar as the Group is obliged to cover its associate's losses or fulfil obligations on its behalf.

Other non-current financial assets

This category includes security deposits that are expected to be liquidated in over 12 months' time.

Non-current assets are initially measured at their trading-date fair value (i.e. their acquisition cost) net of directly attributable transaction costs.

After their initial recognition, held-to-maturity financial instruments are measured at amortised cost using the effective interest method.

The effective interest rate is the rate at which the future financial flows, estimated throughout the expected lifetime of the financial instrument, are discounted precisely to the net carrying amount.

As at each reporting date, it is determined whether there is any objective evidence of impairment of any of the non-current financial assets.

If such evidence exists, the impairment loss is measured as the difference between the book value of the held-to-maturity investment and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

The loss is recognised immediately in the income statement.

If, in a subsequent financial year, the impairment loss decreases as a result of an event taking place after the impairment was recorded, the amount of this reversal is recorded in the income statement.

Current financial assets

Current financial assets and investments held to maturity are accounted for based on the settlement date and initially recognised at acquisition cost (including ancillary transaction costs).
After initial recognition, financial instruments available for sale or held for trading are measured at fair value. If the market price is not available, the fair value of the financial instruments available for sale is measured using the most appropriate evaluation techniques, such as for example the analysis of discounted cash flows, made using the market information available at the date of the financial statements.
The profits and losses for financial assets available for sale are measured directly under "Other total profits (losses)" until the time the financial asset is sold or impaired; at the time the asset is sold, the profits or accumulated losses, including those previously recorded under "Other total profits (losses)" are included in the income statement for the period; at the time the asset is impaired, the accumulated losses are included in the income statement. The profits and losses created by variations in the fair value of financial instruments classified as held for trading are recorded in the income statement for the period.
Securities held to maturity, and all financial assets for which active-market quotations are not available and whose fair value cannot be determined in a reliable way, are valued, if they have a fixed term, at the amortised cost, using the effective interest method. When the financial assets do not have a fixed term, they are valued at the purchase cost. Loans with a term of more than a year, which are non-interest bearing or which mature with interest lower than market rates are discounted using the market rates.

Measurements are carried out regularly to check for objective evidence of impairment of an asset or group of assets. If such evidence exists, the impairment loss must be recorded as an expense in the income statement for the period.

Inventories

Inventories are measured at the lower of the purchase and/or production cost and their net realisable value based on the performance of the market, taking account of the relevant ancillary sale costs. The cost of inventories, which is calculated using the average cost per category of goods, includes the purchase cost and the costs incurred to bring them to their current location and condition.

In order to accurately reflect the value of the inventories in the financial statements and to take account of impairment resulting from obsolete or slow-moving goods, a provision for obsolete inventories has been recognised as a direct deduction from their value.

Trade and other receivables

Trade and other receivables, which generally mature in less than one year, are measured at fair value plus transaction costs. They are subsequently measured at amortised cost, adjusted to reflect any impairment losses calculated as the difference between the book value and the value of estimated future cash flows. If, in a subsequent financial year, the impairment loss should decrease, the previously recorded loss is partially or fully reversed and the value of the receivable is restored by an amount that shall not exceed the amortised cost that would have been incurred had the loss never been recorded.

Cash and cash equivalents

Cash and cash equivalents include cash, bank and post office deposits and cash equivalents that can be liquidated in the very short term (within three months), recorded at nominal value and at the spot exchange rate in force at the end of the year (if in foreign currency), i.e. at fair value.

Asset impairment and reversal of impairment

At least once a year, the Company checks that the book value of intangible assets with a finite useful life and property, plant and equipment can be recovered in order to determine whether there are any signs that such assets have been impaired. If such evidence exists, the carrying amount of the assets is reduced to their recoverable value.

Intangible assets with an indefinite useful life are subjected to impairment tests at least once a year, or whenever there are signs of impairment.

If such signs exist, an estimate is made of the asset's recoverable value in order to determine the size of the impairment loss. Intangible assets not yet available for use are subjected to impairment tests at least once a year, or whenever there are signs of impairment.

If it is not possible to estimate the recoverable value of a single asset, the Group estimates the recoverable value of the cash generating unit (CGU) to which the asset belongs.

If the tests show that the assets or CGUs in question have been impaired, the recoverable value is estimated and the difference between this value and the carrying amount is charged to the income statement. As such, the impairment of a CGU is initially recorded under goodwill (if present) and subsequently as a reduction in value of other assets.

The recoverable value of an asset or a CGU is calculated by discounting the projected cash flows relating to said asset or CGU. The discount rate used is the cost of capital based on the specific risks of the asset or CGU in question. The recoverable value of receivables recorded at amortised cost is the present value of future cash flows discounted using the effective interest rate calculated on initial recognition. The recoverable value of other assets is the greater of the sale price and the value in use, calculated by discounting estimated future cash flows at a rate that reflects market valuations.

Any impairment of receivables measured at amortised cost is reversed in the case of a subsequent objective increase in their recoverable value.

If the impairment on any asset other than goodwill is subsequently reversed in full or in part, the book value of the asset or CGU is increased to the new estimated recoverable value and cannot exceed the value that would have been calculated had no impairment occurred. The reversal of an impairment loss is recorded immediately in the income statement.

Share capital and other items of shareholders' equity

YNAP S.p.A's share capital of EUR 1,301,258.85 comprises 85,220,252 ordinary shares and 44,905,633 B shares (without voting rights).

The cost of issuing new shares or options is recorded under shareholders' equity, net of the related tax benefit, as a deduction from the income arising from the issue of such instruments.

Pursuant to IAS 32, any equity instruments that are bought back (treasury shares) are deducted directly from equity under the item "Other reserves". No profit or loss is recorded in the income statement upon the purchase, sale or cancellation of treasury shares.

The sum paid or received, including any cost directly attributable to the corporate action, net of any related tax benefit, is recognised directly as a change in equity.

Any dividends awarded to shareholders are recorded under liabilities in the period in which they are approved.

Financial liabilities

Financial liabilities are recorded initially at the fair value net of ancillary expenses and subsequently at amortised cost, using the effective interest method. The difference between the amortised cost and the redemption value is charged to the income statement according to the duration of the liabilities based on accrued interest. Where hedge accounting is applicable, financial liabilities hedged by derivatives are measured in accordance with the hedging instrument.

Employee benefits

The post-employment benefits at the Italian company, known as the TFR, are considered to be a defined-benefit plan under IAS 19. The employee benefits awarded upon cessation of the employment relationship, in the form of TFR, are recognised at the expected future value of the benefits that the employees will receive and which have accrued in the current and previous financial years. The benefits are discounted and the liability is presented net of the fair value of any assets servicing the pension plans. These net obligations are calculated separately for each plan on the basis of actuarial assumptions, and they are valued at least once a year with the support of an independent actuary by using the projected unit credit method.

As of 1 January 2013, companies no longer have the option to defer actuarial gains and losses using the corridor approach, meaning that the full surplus or deficit of the provision must be presented in the statement of financial position, the cost components associated with the employment benefit and the net financial expense must be recorded separately, and the actuarial gains and losses resulting from the annual re-measurement of assets and liabilities must be recognised under "Other comprehensive income/(expense)".

Share-based payments

The YOOX Group awards additional benefits to some directors, managers, office workers, consultants and other employees through stock option plans. Pursuant to IFRS 2 – Share-based Payment, these benefits are deemed to be equity-settled transactions, meaning that the full current amount of the stock options as at the grant date is recorded as a cost on the income statement. Changes in the present value after the grant date have no effect on the initial measurement. The cost of payments, corresponding to the present value of the options at the grant date, is recognised under personnel expenses on a straight-line basis between the grant date and the maturity date, with a counter-entry made in equity.

Provisions for risks and charges

Provisions for risks and charges are recognised against expenses for legal or implied (contractual or other) Group obligations arising from a past event. They are recognised if it is likely that resources will need to be set aside to meet the obligation and if said obligation can be reliably estimated. An implied obligation is defined as an obligation that arises when the Group has notified other parties, via established practices, public corporate policies or a sufficiently explicit announcement, that it will accept the obligation, in such a way that the third party expects the Group to honour the obligation. If it is thought that these obligations will be incurred in over 12 months' time and the related effects are significant, the obligations are discounted at a rate that takes account of the cost of borrowing and the specific risk associated with the booked liability. Any change in provision estimates is reflected in the income statement for the period in which said change occurs. If discounting takes place, the increase in the provision resulting from the passing of time and any change in the discount rate is recognised as a financial expense.

Trade and other payables

Trade and other payables with standard commercial maturities (usually less than one year) are recognised at the fair value of the initial sum plus transaction costs. After initial recognition, they are measured at amortised cost with any differences recorded in the income statement over the duration of the liability in accordance with the effective interest rate method. Since they tend to have a duration of less than a year, trade and other payables are not discounted.

Revenue and income

Sale of goods

Revenue from the sale of goods is measured at the fair value of the amount received or pending, taking account of any returns, rebates and trade or volume discounts. Revenue is measured when the material risks and benefits of asset ownership are transferred to the acquirer, it is likely that the sum will be recovered, the related costs or possible return of the goods can be reliably estimated or management ceases to carry out the continuous level of activity usually associated with ownership of the sold goods.

The transfer of the risks and benefits of ownership usually coincides with delivery to the client, i.e. handing the goods over to the carrier.

Services

Revenue from services is recorded in the income statement based on the progress of the service provision at the reporting date. This progress is assessed on the basis of work carried out.

Commissions

When the Group acts as a commercial intermediary and not the principal in a transaction, the recorded revenue is the net amount of the Group's commission.

Dividends

Incoming dividends are recognised as income on the income statement as at the date on which they are approved by the shareholders of the awarding company. Outgoing dividends are shown as a change in equity in the year in which they are approved by the shareholders' meeting.

Cost of goods sold

The cost of goods sold is the total cost incurred by the Group for realising all goods for which it recognises sales revenue, net of changes in finished-product inventories. This means the cost of goods sold comprises the purchase cost of the goods plus the direct and indirect ancillary costs (both internal and external), such as transport costs and customs duties. Transport costs are included in the breakdown of the cost of goods sold since they are directly associated with sales revenue. The cost of acquiring goods is measured at the fair value of the amount paid or agreed. As such, the cost of acquiring goods generally corresponds to the cash or cash equivalents paid or payable within the standard time frame. On this basis, the cost of acquiring goods is measured based on the purchase price stated on the invoice, net of premiums, discounts and rebates.

The cost of acquiring goods can be adjusted to take account of any discounts on top of those stipulated in the contract and any payment extensions beyond 12 months which may be considered a financing transaction between the supplier and the Group. In this latter case, the present value of the cost of acquiring goods is represented by the future cash flow capitalised at a market interest rate. Similarly, if additional discounts are applied for payment of cash before the deadline stipulated in the contract or on the invoice, the present value of the cost of acquiring goods is presented gross of such discounts, which are reported under interest income.

The change in inventories shows the difference between initial inventories (i.e. the final inventories at the end of the previous period) and the final inventories at the reporting date.

The cost of goods sold also includes costs associated with revenues from online store construction and maintenance support activities billed to online store strategic partners in the Mono-brand business line.

Fulfilment costs

These refer to costs incurred for:

- digital production, cataloguing and quality control: within this item, costs are broken down by the labelling, classification and warehouse storage of the purchased goods. These include employee costs, insurance, consultancy and the purchase of consumables. Also included are some of the costs for depreciating the fixed assets involved in the process, the cost of hiring vehicles and other expenses that can be attributed directly to the functions involved;

- logistics: this item includes handling and packaging costs, i.e. warehouse logistics management and related consultancy costs, a share of the depreciation and amortisation of tangible and intangible assets, and the cost incurred to pay direct employees;

- customer service: these costs include all customer care management expenses, i.e. costs for the call centre and the other phone and email services provided to customers, employee costs and shares of the depreciation and amortisation of related tangible and intangible assets.

Commercial and marketing expenditure and general and administration costs

These expenses are measured at the fair value of the amounts paid or agreed.

They tend to correspond to the cash or cash equivalents paid or payable within the standard time frame. On this basis, such costs should be measured according to the price of the services on the invoice, net of premiums and discounts.

These costs are adjusted in the case of discounts on top of those stipulated in the contract and any payment extensions beyond 12 months which may be considered a financing transaction between the supplier and the Group.

In this latter case, the present value of the cost of services is represented by the future cash flow capitalised at a market interest rate.

If additional discounts are applied for payment of cash before the deadline stipulated in the contract or on the invoice, the present value of the cost of services should be presented gross of such discounts, which are reported under interest income.

The cost is measured according to the principle of economic competence, i.e. based on the progress of the service at the reporting date.

The costs which the Group expects to incur in a particular year, even if it cannot specify an exact amount, are charged to the income statement based on reasonable estimates.

Rental and operating lease charges

Rental and operating lease charges are recognised in the income statement based on the principle of economic competence, i.e. when the economic benefits of the rented or leased assets are recorded. If the economic benefits are less than the minimum charges, the costs (i.e. the difference between the discounted benefits and charges) are recognised immediately in the income statement.

Non-recurring expenses

Non-recurring expenses arise from extraordinary transactions primarily including expenditure on legal, tax, accounting, financial and strategic consultancy services as well as other general transaction-related expenses.

Result of equity investments

Income and expenses from associates include the effects resulting from valuation at equity and capital gains and losses from the sale of investments in associates.

Financial income and expenses

Financial income comprises the interest income on invested liquidity and profits on hedging instruments recorded in the income statement. Interest income is recognised in the appropriate income statement using the effective interest method. Financial expenses comprise the interest expense on loans and the losses on hedging instruments recorded in the income statement. Loan expense is recognised in the income statement using the effective interest method.

Income taxes

The tax burden for the year comprises the current tax burden and the deferred tax burden. Income taxes are recognised in the income statement, except those relating to transactions recorded directly in equity, which are also recorded in equity.

Current taxes represent the estimated tax owed based on taxable income for the year, calculated using the applicable tax rates at the reporting date and making any necessary adjustments to prior-year amounts.

Deferred taxes are put aside using the equity method, calculating the temporary differences between the book values of the assets and liabilities recorded in the financial statements and their corresponding values for tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to be in force during the year in which the asset will be realised or the liability extinguished, based on legislation applicable at the reporting date. Deferred tax assets and liabilities are offset if there is a legally exercisable right to offset current tax assets and liabilities and if the deferred tax assets and liabilities relate to income taxes applied by the same tax authority to the same taxable entity or different taxable entities that intend to settle their liabilities and current tax assets on a net basis or simultaneously realise their assets and settle their liabilities.

Deferred tax assets are measured insofar as it is likely that there will be future taxable income against which said assets can be used. The amount of deferred tax assets is reviewed at each reporting date and reduced insofar as it is no longer likely that the related tax benefit will be realised.

Additional income taxes arising from the distribution of dividends are accounted for when the related liability is recorded.

Earnings per share

Basic earnings per share is the profit attributable to the shareholders of the Parent Company divided by the weighted average number of ordinary shares outstanding during the period under review, excluding any treasury shares held. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume that all dilutive options granted are converted into ordinary shares. The Group's existing stock option plans make provision for a category of potential ordinary shares with a dilutive effect.

Information by segment

A business segment is a group of uniquely identifiable activities and operations that provides a set of related products and services and is subject to different risks and benefits to the Group's other business segments.

IFRS 8 makes provision for segment information to be based on the elements used by chief operating decision makers to analyse performance and make operating decisions.

In the wake of the recent acquisition of the NET-A-PORTER Group and in order to achieve the material synergies expected from the integration of the pre-existing businesses, the management and control model currently adopted by the Group's management makes provision for the integrated management of the Group's technology and logistics platform.

The activity of the Group can therefore be identified in a single operating segment relating to the business of YOOX NET-A-PORTER GROUP.

Disclosure on financial instruments

Pursuant to IFRS 7, additional information is provided on financial instruments in order to assess:

- the impact of the financial instruments on the statement of financial position, the income statement and the statement of cash flows;
- the nature and size of the financial instrument-related risks to which the business is exposed; and
- how these risks are managed.

CHANGES TO ACCOUNTING STANDARDS, NEW ACCOUNTING STANDARDS, CHANGES TO ESTIMATES AND RECLASSIFICATIONS

New accounting principles and amendments effective as of 1 January 2015 and adopted by the Group

On 12 December 2013, the IASB issued a series of changes in its "Annual Improvements to IFRSs 2011-2013 Cycle". This brought changes to: (i) IFRS 3, clarifying that the standard excludes from its scope the accounting for the formation of a joint venture or joint operation (as defined in IFRS 11) in the financial statements of the joint venture or joint operation itself; (ii) IFRS 13, clarifying that the exception in IFRS 13 under which the fair value of a group of financial assets and liabilities can be measured on a net basis applies to all contracts (financial or otherwise) included within the scope of IAS 39 or IFRS 9; (iii) IAS 40, clarifying that determining whether the purchase of a property investment constitutes a business combination requires the application of IFRS 3 measures.

New accounting principles and amendments effective as of 1 January 2015 but not relevant to the Group

On 20 May 2013, the IASB published IFRIC 21 – Levies, which states that an entity cannot recognise a liability to pay levies until the event associated with the payment has taken place, in accordance with applicable laws. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that threshold is reached.

New accounting principles and amendments not yet applicable and not adopted in advance by the Group

The following are new accounting principles or amendments to existing principles that are applicable for financial years starting on or after 1 January 2015 and are eligible for early adoption. The Group has decided against adopting them early for the purpose of these consolidated financial statements.

IFRS 9 - Financial Instruments

Published in July 2014, IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 introduces new measures for classifying and measuring financial instruments, a new expected loss impairment model and new general measures on hedge accounting. It also includes measures on recognising and eliminating financial instruments in line with IAS 39. IFRS 9 is applicable to financial years beginning on or after 1 January 2018 and is eligible for early adoption.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 introduces a general comprehensive framework for establishing if, when and to what extent revenue is recognised. It replaces the recognition criteria of IAS 18 – Revenue, IAS 11 - Construction Contracts and IFRIC 13 – Customer Loyalty Programmes. IFRS 15 is applicable to financial years beginning on or after 1 January 2018 and is eligible for early adoption.

IFRS 16 Leases

Issued in January 2016, IFRS 16 introduced new principles for the recognition, measurement, presentation and disclosure of leases for both contractual counterparties. IFRS 16 applies as of financial years that begin on or after 1 January 2019. The company can choose to apply IFRS 16 before that date if IFRS 15 Revenue from Contracts with Customers is applied. IFRS 16 replace the previous standard IAS 17 Leases, and related interpretations.

Amendments to IFRS 11 – Joint Arrangements

The amendments to IFRS 11 requires the joint operator responsible for booking the acquisition of an interest in a joint operation that constitutes a business to apply the relevant principles of IFRS on accounting for business combinations. The amendments also makes it clear that any previously held interest in the joint operation shall not be re-measured on the acquisition of an additional interest in the same operation while retaining joint control. An exemption to IFRS 11 has also been added, meaning that the amendments do not apply when the joint owners, including the entity responsible for preparing the financial statements, are themselves owned by the same ultimate parent.
The amendments apply both to the acquisition of the initial interest in a joint operation and to the acquisition of any additional interest in the same joint operation. The amendments must be applied prospectively to financial years beginning on or after 1 January 2016, and early adoption is permitted. Application of these amendments is not expected to have any impact on the Group.

Amendments to IAS 1: Presentation of Financial Statements

On 18 December 2015, the EU issued Regulation (EU) 2015/2406 adopting the amendments aiming to improve the effectiveness of disclosure and to encourage companies to apply professional judgement in determining what information to disclose in their financial statements when applying IAS 1. The amendments apply as from the commencement date of companies' first financial year starting on or after 1 January 2016.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

On 11 September 2014, The IASB published the above amendments aiming to eliminate the inconsistency between the requirements of IAS 28 and IFRS 10 and made it clear that, in a transaction involving an associate or joint venture, the extent to which a gain or loss can be recognised depends on whether the assets involved in the sale or transfer constitute a business. In December 2015, the IASB postponed the entry into force of these amendments indefinitely.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle contained in IAS 16 and IAS 38 whereby revenue represents the generation of economic benefits rather than the consumption of economic benefits. It follows that a revenue-based method cannot be used for the depreciation of property, plant and equipment and can be used only in extremely limited circumstances for the amortisation of intangible assets. The amendments must be applied prospectively to financial years beginning on or after 1 January 2016, and early adoption is permitted. These amendments are not expected to have any impact on the Group since it does not use revenue-based methods for the depreciation and amortisation of its non-current assets.

Amendment to IAS 27 – Separate Financial Statements

On 12 August 2014, the IASB published an amendment to the standard allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment takes effect on 1 January 2016.

Annual improvements to IFRSs 2012–2014 cycle

On 15 December 2015, the EU issued Regulation (EU) 2015/2343 adopting the Annual Improvements to the IFRS 2012-2014 Cycle, which contains a series of amendments to IAS/IFRS and was issued by the IASB on 25 September 2014. The annual improvements aim to address non-urgent, but necessary, issues discussed by the IASB during the project cycle on areas of inconsistency in IFRS or where clarification of wording is required. Among the standards affected by the amendments are: IFRS 5, where a clarification was added in cases where an entity reclassifies an asset from held for sale to held for distribution; IFRS 7, where a clarification was added to establish whether there is continual involvement in a transferred financial asset, in the event there is an inherent servicing contract, for the purposes of disclosure requirements; IAS 19, where it has been made clear that the currency of bonds used to estimate the discount rate must be the same as the currency in which the benefits will be paid; and IAS 34, where the meaning of "elsewhere" has been clarified in terms of cross-referencing.

Amendment to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception

On 18 December 2014, the IASB published the above amendments concerning issues arising from the exemption from consolidation for investment entities. The amendments are effective for financial years starting on or after 1 January 2016. Early adoption is permitted.

6. REPORTING FOR BUSINESS LINES

Following the recent acquisition of THE NET-A-PORTER GROUP, the current reporting system used by senior management to assess business performance does not make provision for allocation to the business lines of relevant operating costs, depreciation and amortisation, and non-monetary revenue and costs; as such, the information presented relates only to net sales revenue for the Multi-brand in-season (including the activities of online stores net-a-porter.com, mrporter.com, thecorner.com and shoescribe.com), Multi-brand end-of-season (including the activities of online stores yoox.com and the outnet.com) and online flagship stores (including the design, planning, creation and management activities for the online stores and some of the leading fashion brands) business lines, consistent with the aforementioned reporting system.

7. INFORMATION BY GEOGRAPHICAL AREA

Revenues generated by the Group from transactions with third-party customers break down as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14
ITALY	104,237	86,082
UNITED KINGDOM	109,172	34,941
EUROPE (EXCLUDING ITALY AND UNITED KINGDOM)	291,345	213,710
NORTH AMERICA	256,667	115,191
ASIA PACIFIC COUNTRIES	124,674	61,786
NOT COUNTRY-RELATED	36,565	12,630
TOTAL	**922,659**	**524,340**

The "Not country-related" item comprised the set-up and maintenance activities for the online stores, media partnership projects in the Multi-brand business line as well as web marketing and web design and other services for the online stores.

The table showing revenues by geographical area complies with the Group control model: only sales to online customers are allocated by country in the actual control model.

In 2014 and 2015, no single third-party customer contributed more than 10% of the Group's revenues.

8. NOTES TO THE STATEMENT OF FINANCIAL POSITION, INCOME STATEMENT AND STATEMENT OF CASH FLOWS

CONSOLIDATED INCOME STATEMENT

8.1 NET REVENUES

The Group's net revenues from sales and the provision of services at 31 December 2015 and 31 December 2014 breaks down as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
NET REVENUES FROM SALES	892,047	503,454	388,593
REVENUES FROM THE PROVISION OF SERVICES	30,612	20,906	9,706
TOTAL	**922,659**	**524,340**	**398,299**

Net revenues from sales rose by 76% from EUR 524,340 thousand at 31 December 2014 to EUR 922,659 thousand a year later. These revenues comprise all revenues from the sale of goods, net of customer discounts and returns.
The increase in this item was due to the consolidation of THE NET-A-PORTER Group. An analysis of pro-forma revenues can be found in the directors' report and the note on segment reporting.

We would also like to highlight the increase in sales volumes net of the acquisition, which rose by 20.7% year on year to EUR 108,394 thousand.

Revenue from the provision of services rose by 46% from EUR 20,906 thousand in 2014 to EUR 30,612 thousand in 2015, mainly including:

- the recharging of transport services for sales, net of any discounts, to the end customer (in certain countries the customer also pays for return shipments) and net of refunds made if the customer returns the goods sold;
- revenues from the set-up fees charged to create the online stores and fees charged to Strategic Partners in the Mono-brand business line for assistance in maintaining the online stores;
- revenues generated from the sale of media partnership projects and web marketing services.

8.2 COST OF GOODS SOLD

The cost of goods sold came in at EUR 570,893 thousand (61.9% of net revenues) for the year ended 31 December 2015, compared with EUR 336,793 thousand (64.2% of net revenues) in 2014, an increase of EUR 234,100 thousand. This item includes both the costs arising from the purchase of goods held for sale as well as service and other costs.

The following table shows a breakdown of the cost of goods sold by nature:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
CHANGE IN INVENTORIES OF GOODS	82,997	50,517	32,480
PURCHASE OF GOODS	(576,340)	(341,267)	(235,073)
COST OF SERVICES	(66,408)	(42,679)	(23,729)
OTHER COSTS	(11,143)	(3,364)	(7,779)
TOTAL	(570,893)	(336,793)	(234,100)

The increase in the cost of goods sold in 2015 was attributable mainly to the consolidation of the NET-A-PORTER Group.

The cost of purchasing goods increased by 68.9% from EUR 341,267 thousand in 2014 to EUR 576,340 thousand in 2015. This cost comprises the cost of procuring goods for resale, and its absolute value is directly correlated to sales performance.

The cost of services increased by 55.6% from EUR 42,679 thousand in 2014 to EUR 66,408 thousand in 2015. A portion of the transportation costs is invoiced directly to the end customer and recognised as revenue from the provision of services, net of refunds on customer returns.

Other costs increased by over 100% from EUR 3,364 thousand in 2014 to EUR 11,143 thousand in 2015. These costs mainly comprise transportation costs for purchases, and the internal personnel costs and external supplier costs incurred to set up and maintain the websites of Mono-brand Strategic Partners.

8.3 FULFILMENT COSTS

Fulfilment costs came in at EUR 94,178 thousand (10.2% of net revenues) in 2015, compared with EUR 49,279 thousand (9.4% of net revenues) in 2015, an increase of EUR 44,899 thousand.

This cost comprises operational expenses incurred from digital production, cataloguing and quality control, from warehouse logistics, and from customer services, including call centre services and customer care.

The following table shows the breakdown of fulfilment costs:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
SERVICE COSTS AND OTHER COSTS	(61,621)	(35,572)	(26,049)
PERSONNEL EXPENSES	(23,251)	(6,746)	(16,505)
DEPRECIATION AND AMORTISATION	(9,305)	(6,961)	(2,344)
TOTAL	(94,178)	(49,279)	(44,899)

The increase in fulfilment costs in 2015 was attributable mainly to the consolidation of THE NET-A-PORTER Group.

The cost of services and other costs increased by 73.2% from EUR 35,572 thousand in 2014 to EUR 61,621 thousand in 2015. They mainly comprise service costs for handling and packaging goods and costs relating to outsourced production processes.

Personnel costs rose from EUR 6,746 thousand in 2014 to EUR 23,251 thousand in 2015, with an increase of over 100%, determined by the increase in the number of employees involved in this function. It is noted that the personnel cost also includes, in addition to the cost of employees, the cost of resources, including interns, contractors and consultants, classified as personnel costs.

YOOX
NET-A-PORTER
GROUP

8.4 SALES AND MARKETING COSTS

Sales and marketing costs came in at EUR 113,365 thousand (12.3% of net revenues) for the period ended 31 December 2015, compared with EUR 56,569 thousand (10.8% of net revenues) in 2014, an increase of EUR 56,798 thousand.

These expenses relate to departments operating in sales. A portion of the costs are for personnel working in sales and marketing. The item also contains web marketing costs, costs for charges on credit card transactions and other methods of payment made to intermediaries for payment collection services, as well as expenses relating to customs duties on purchases relating to the import and export of goods sold.

The following table shows the breakdown of sales and marketing costs:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
COST OF SERVICES	(84,817)	(39,910)	(44,907)
PERSONNEL EXPENSES	(23,901)	(13,597)	(10,304)
DEPRECIATION AND AMORTISATION	(4)	(6)	2
OTHER COSTS	(4,642)	(3,054)	(1,588)
TOTAL	(113,365)	(56,569)	(56,798)

The increase in sales and marketing costs in 2015 was attributable mainly to the consolidation of THE NET-A-PORTER Group.

The cost of services increased by EUR 44,907 thousand from EUR 39,910 thousand in 2014 to EUR 84,817 thousand in 2015. The main components of the cost of services in 2015 were:

- web marketing costs of EUR 28,446 thousand (EUR 11,974 thousand in 2014). These costs relate to the purchasing of online advertising, the negotiation and implementation of marketing agreements, the development of new partnerships and the commercial and technical management of existing partnerships;
- credit card transaction costs of EUR 17,347 thousand (EUR 8,816 thousand in 2014);
- import and export duties totalling EUR 15,476 thousand (EUR 12,262 thousand in 2014).

Personnel costs increased by 75.8% from EUR 13,597 thousand in 2014 to EUR 23,901 thousand in 2015, caused by a rise in the workforce in this function. As well as costs relating to employees, personnel costs include costs relating to interns, contractors and consultants.

Other costs increased by 52% from EUR 3,054 thousand in 2014 to EUR 4,642 thousand in 2015. This item consists mainly of costs arising from fraud in online activities, which rose from EUR 1,274 thousand in 2014 to EUR 3,639 in 2015.

8.5 GENERAL EXPENSES

General expenses include all the overhead costs of the Group's various offices pertaining to personnel management, administration, finance and control, communications and image, general management, general services and technological services.

Expenditure in this area totalled EUR 97,007 thousand in 2015, compared with EUR 55,959 thousand in 2014, an increase of EUR 41,049 thousand.

General expenses can be broken down as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
COST OF SERVICES	(41,411)	(22,942)	(18,470)
PERSONNEL EXPENSES	(28,466)	(14,409)	(14,057)
DEPRECIATION AND AMORTISATION	(27,131)	(18,609)	(8,522)
TOTAL	**(97,007)**	**(55,959)**	**(41,049)**

The increase in general expenditure in 2015 was attributable mainly to the consolidation of THE NET-A-PORTER Group.

The cost of services increased by EUR 18,470 thousand from EUR 22,942 thousand in 2014 to EUR 41,411 thousand in 2015.

Personnel costs rose by EUR 14,057 thousand from EUR 14,409 thousand in 2014 to EUR 28,466 thousand in 2015. As well as costs relating to employees, personnel costs include costs relating to interns, contractors and consultants.

Depreciation and amortisation increased by 45.8% from EUR 18,609 thousand in 2014 to EUR 27,131 thousand in 2015.

8.6 OTHER INCOME AND EXPENSES

Other net expense totalled EUR 4,638 thousand in 2015, up by EUR 2,150 thousand on EUR 2,486 thousand in the previous year.

Other income and expenses can be broken down as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
EXTRAORDINARY INCOME/LIABILITIES	(2,409)	(822)	1,587
THEFT AND LOSSES	(1,346)	(1,238)	(108)
OTHER TAX LIABILITIES	(295)	(353)	58
OTHER INCOME AND EXPENSES	(296)	9	(305)
PROVISIONS FOR SUNDRY RISKS	(252)	(185)	(67)
REIMBURSEMENTS	(39)	101	(140)
TOTAL	**(4,638)**	**(2,486)**	**(2,150)**

Net extraordinary liabilities, which includes income and expense from ordinary business, increased from EUR 822 thousand in 2014 to EUR 2,409 thousand in 2015.

Theft and losses relates to the theft and losses of goods destined for final customers that have already occurred at the closing date of the financial year.
Other tax liabilities fell by 16.4% from EUR 353 thousand in 2014 to EUR 295 thousand in 2015.

Provisions for sundry risks in 2015 relate to the estimated charge incurred due to theft and loss of goods not identified as missing at the reporting date.

8.7 NON-RECURRING EXPENSES

Non-recurring expenses arise from extraordinary transactions primarily including expenditure on legal, tax, accounting, financial and strategic consultancy services as well as other general transaction-related expenses. The item totalled EUR 19,936 thousand at 31 December 2015.

8.8 OPERATING PROFIT

As required by IAS 1, the following is a breakdown of costs by nature used to determine the operating margin.

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
NET REVENUES	922,659	524,340	398,319
CHANGE IN INVENTORIES OF GOODS	82,997	50,517	32,480
PURCHASE OF GOODS	(576,340)	(341,267)	(235,073)
SERVICES	(254,257)	(141,104)	(113,153)
PERSONNEL EXPENSES	(75,618)	(34,752)	(40,866)
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(36,440)	(25,576)	(10,864)
OTHER COSTS AND REVENUES	(20,423)	(8,904)	(11,519)
NON-RECURRING EXPENSES	(19,936)	-	(19,936)
OPERATING PROFIT	**22,643**	**23,254**	**19,324**

Operating profit dropped from EUR 23,254 thousand in 2014 to EUR 22,642 thousand in 2015, amounting to 4.4% and 2.5% of net revenues respectively.

Personnel expenses include all employment related expenses, such as merit pay rises, promotions, cost-of-living adjustments, variable remuneration for 2015, unused leave and accruals to legal reserves required under collective agreements, as well as related social security contributions and the contributions to the post-employment benefits for Parent employees. These costs also include the fair value of stock options and the company incentive plan for employees, between the allocation and vesting dates, with a direct matching entry in equity and payables to staff.

8.9 RESULT OF EQUITY INVESTMENTS

Net income from equity investments totalled EUR 592 thousand in 2015, corresponding to the valuation of interests in subsidiaries (EUR 270 thousand for adjusting the fair value to the equity of the investment and EUR 322 thousand for the release of prior-year consolidated losses at the E-lite group). For more information, please refer to paragraph *9.14*.

8.10 FINANCIAL INCOME AND EXPENSE

Financial income rose from EUR 4,506 thousand in 2014 to EUR 12,480 thousand in 2015.

The following table shows the breakdown of financial income:

DESCRIPTION	31 DECEMBER 2015	31 DECEMBER 2014	CHANGE
EXCHANGE RATE GAINS	11,280	4,245	7,035
OTHER FINANCIAL INCOME	234	16	218
INTEREST INCOME ON CURRENT ACCOUNT	955	224	731
INTEREST INCOME TO ASSOCIATES	11	22	(11)
TOTAL	12,480	4,506	7,973

Exchange rate gains increased from EUR 4,245 thousand in 2014 to EUR 11,280 thousand in 2015 owing mainly to the consolidation of THE NET-A-PORTER Group.

These gains arose mainly from the translation of items in US dollars and yen and are closely connected with the ordinary sales and purchase of goods.

Other financial income increased from EUR 16 thousand in 2014 to EUR 234 thousand in 2015, while interest income on current accounts climbed from EUR 224 thousand in 2014 to EUR 955 thousand in 2015, of which EUR 457 thousand came from the consolidation of THE NET-A-PORTER Group.

Financial expense rose from EUR 4,437 thousand in 2014 to EUR 14,114 thousand in 2015.

The following table shows the breakdown of financial expenses:

DESCRIPTION	31 DECEMBER 2015	31 DECEMBER 2014	CHANGE
EXCHANGE RATE LOSSES	(9,327)	(2,464)	(6,863)
OTHER FINANCIAL EXPENSES	(2,214)	(661)	(1,553)
INTEREST EXPENSES	(2,572)	(1,312)	(1,260)
TOTAL	(14,114)	(4,437)	(9,677)

Realised and unrealised exchange rate losses increased from EUR 2,464 thousand in 2014 to EUR 9,327 thousand in 2015. They mainly relate to the translation of items in US dollars and yen and are closely connected to the ordinary sale and purchase of goods.

Other financial expense, which increased from EUR 661 thousand in 2014 to EUR 2,214 thousand in 2015, refers to bank sureties issued to third parties on the Group’s behalf. This item also includes the premiums paid for, and the fair value measurement of, exchange rate hedging agreements.

Interest expense rose by EUR 1,260 thousand to EUR 2,572 thousand in 2015, in line with the loans taken out during the year, with consolidation responsible for EUR 589 thousand.

YOOX
NET-A-PORTER
GROUP

8.11 TAXES

Income tax for the year can be broken down as follows:

DESCRIPTION	31 DECEMBER 2015	31 DECEMBER 2014	CHANGE
CURRENT IRES – PARENT COMPANY (1)	(5,806)	(3,295)	(2,511)
CURRENT IRAP – PARENT COMPANY (2)	(21)	(1,405)	1,384
CURRENT INCOME TAX - FOREIGN COMPANIES	(10,642)	(4,959)	(5,683)
DEFERRED TAXES	11,475	833	10,642
TOTAL TAXES	**(4,993)**	**(8,827)**	**3,834**

(1) IRES: Imposta sul Reddito delle Società (corporate income tax)
(2) IRAP: Imposta Regionale sulle Attività Produttive (regional production tax)

The Group has incurred a greater tax burden in absolute terms compared with the situation as at 31 December 2014. Current taxes increased from EUR 9,659 thousand to EUR 16,469 thousand.
IRES for the Parent Company amounted to EUR 5,806 thousand.

Current taxes for the Group's overseas companies in the year to 31 December 2015 amounted to approximately EUR 10,642 thousand.

At 31 December 2015 the Group recorded net deferred taxes of EUR 11,475 thousand.

8.12 BASIC AND DILUTED EARNINGS PER SHARE

The following table shows the calculation of the basic earnings per share (Basic EPS) and diluted earnings per share (Diluted EPS) reported in the consolidated income statement.

CALCULATION OF BASIC EPS	31 DECEMBER 2015	31 DECEMBER 2014
BASIC EARNINGS	16,608	13,802
AVERAGE NUMBER OF ORDINARY SHARES	78,229,078	59,112,123
BASIC EPS	0.21	0.23

CALCULATION OF DILUTED EPS	31 DECEMBER 2015	31 DECEMBER 2014
BASIC EARNINGS	16,608	13,802
AVERAGE NUMBER OF ORDINARY SHARES	78,229,078	59,112,123
AVERAGE NUMBER OF SHARES GRANTED WITHOUT CONSIDERATION	2,616,992	3,957,901
TOTAL	80,846,070	63,070,024
DILUTED EPS	0.21	0.22

The average number of shares granted without consideration as at 31 December 2015 and 31 December 2014 and used to calculate diluted EPS relates to the granting of shares under existing stock option plans which, as stated in IFRS 2, can be converted on the basis of vesting conditions in the respective years.

In calculating the basic EPS and the diluted EPS given in the table above, the repurchase of 162 thousand treasury shares which took place between 2 July 2010 and 7 November 2011 has been taken into account. Treasury shares repurchased were deducted in the calculation of the average number of outstanding ordinary shares net of 31,338 shares, 4,801 shares, 20,255 shares, 378 shares, 48,464 shares, 4,829 shares and 24,596 shares relating to the incentive plan, granted respectively on 6 August 2012, 10 January 2013, 27 May 2013, 3 June 2013, 1 August 2013, 14 January 2014 and 13 May 2014 to 46 beneficiaries and 10 thousand shares granted on 16 January 2015.

STATEMENT OF FINANCIAL POSITION

8.13 PROPERTY, PLANT AND EQUIPMENT

As at 31.12.15, property, plant and equipment totalled EUR 111,246 thousand. The following is a summary of changes therein in 2015:

DESCRIPTION	HISTORICAL COST	INCREASES	DECREASES	CHANGE IN CONSOLIDATION SCOPE	HISTORICAL COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	DEPRECIATION	UTILISATION	CHANGE IN CONSOLIDATION SCOPE	ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	FX	NET CARRYING AMOUNT	NET CARRYING AMOUNT
	AS AT 31/12/14				AS AT 31/12/15	AS AT 31/12/14				AS AT 31/12/15		AS AT 31/12/14	AS AT 31/12/15
PLANT AND EQUIPMENT	38,451	8,290	(76)	32,155	78,820	(15,725)	(6,503)	76	(7,009)	(29,161)	679	22,726	50,338
BUILDINGS	8,277	1,218	(46)	56,063	65,511	(4,932)	(3,125)	20	(19,673)	(27,710)	601	3,345	38,402
LEASEHOLD IMPROVEMENTS	8,277	1,218	(46)	56,063	65,511	(4,932)	(3,125)	20	(19,673)	(27,710)	601	3,345	38,402
INDUSTRIAL AND COMMERCIAL EQUIPMENT	3,702	477	(67)	781	4,893	(1,874)	(567)	54	(523)	(2,910)	27	1,828	2,010
OTHER ASSETS	15,865	6,607	(279)	32,696	54,888	(8,101)	(4,911)	170	(21,827)	(34,670)	277	7,764	20,495
FURNITURE AND FURNISHINGS	2,177	277	(19)	9,218	11,653	(1,510)	(744)	19	(6,596)	(8,831)	39	668	2,861
ELECTRONIC EQUIPMENT	13,565	6,261	(221)	22,187	41,793	(6,474)	(4,091)	114	(14,408)	(24,859)	232	7,091	17,165
OTHER NON-CURRENT TANGIBLE ASSETS	122	68	(39)	1,291	1,442	(118)	(77)	37	(823)	(980)	6	4	468
ASSETS UNDER CONSTRUCTION AND PAYMENTS ON ACCOUNT	-	-	-	-	-	-	-	-	-	-	-	-	-
GENERAL TOTAL	66,295	16,592	(469)	121,695	204,113	(30,632)	(15,107)	320	(49,032)	(94,451)	1,584	35,663	111,246

The overall net increase in non-current tangible assets in 2015 was equal to EUR 75,583 thousand.

Investments in these assets essentially comprised: (i) investments of EUR 8,290 thousand in the highly automated technical and logistics platform; and (ii) investments of EUR 6,261 thousand in new servers, PCs and monitors, including those held under finance lease.

The table above also shows a change of EUR 72,663 in the consolidation scope.

Depreciation in the period totalled EUR 15,107 thousand.

As at 31 December 2015, there were no liens or mortgages on YNAP Group property, plant and equipment.

Moreover, no impairment losses or revaluations were carried out on items of property, plant and equipment in 2015. In the year under review, no financial expenses were ascribed to asset entries in the statement of financial position.

8.14 INTANGIBLE ASSETS WITH FINITE USEFUL LIFE

Intangible assets amounted to EUR 66,036 thousand as at 31 December 2015.

The following is a summary of changes in intangible assets with finite useful life in 2015:

DESCRIPTION	HISTORICAL COST	INCREASES	DECREASES	CHANGE IN CONSOLIDATION SCOPE	HISTORICAL COST	ACC. AMORTISATION	AMORTISATION	CHANGE IN CONSOLIDATION SCOPE	ACC. AMORTISATION	NET CARRYING AMOUNT	NET CARRYING AMOUNT
	AS AT 31/12/14				AS AT 31/12/15	AS AT 31/12/14			AS AT 31/12/15	AS AT 31/12/14	AS AT 31/12/15
DEVELOPMENT COSTS	68,882	30,587	-	44,188	143,657	(35,370)	(18,270)	(34,486)	(88,126)	33,512	55,531
SOFTWARE AND LICENCES	8,781	8,871	-	4,218	21,870	(6,801)	(2,899)	(2,816)	(12,516)	1,980	9,354
BRANDS AND OTHER RIGHTS	378	-	-	2,642	3,020	(227)	(86)	(2,344)	(2,657)	151	362
TRADEMARKS AND PATENTS	378	-	-	2,642	3,020	(227)	(86)	(2,344)	(2,657)	151	362
ASSETS UNDER DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-
OTHER	1,962	-	-	1,139	3,101	(1,918)	(79)	(315)	(2,312)	44	789
OTHER INTANGIBLE ASSETS	1,962	-	-	1,139	3,101	(1,918)	(79)	(315)	(2,312)	44	789
GENERAL TOTAL	80,003	39,458	-	52,187	171,648	(44,317)	(21,334)	(39,961)	(105,611)	35,685	66,036

The principal changes in these items during the year are described below.

Development costs

This item increased by EUR 22,019 thousand in 2015. The Group has made a considerable total investment of EUR 30,587 thousand in multi-year development projects. These are costs incurred by the Group for specific projects aimed at the ongoing development of innovative solutions for the creation and management of online stores. Development projects have been classified according to the area in which the various initiatives take place: platform e-commerce functional development, management development of productivity and development of service security and continuity.
These costs relate both to internal personnel costs and to the costs of services provided by third parties. In line with the strategy defined in previous years, the number of development projects outsourced to external suppliers increased significantly. Expenses for research-related activities, which are carried out with a view to obtaining new scientific or technical knowledge and discoveries, are recognised in the income statement at the time they are incurred.

Software and licences

The increase of EUR 7,374 thousand in this item includes expenditure with long-term benefits, principally relating to the acquisition of software licences to build the infrastructure of the online stores, in particular the development of the new order management service system.

Amortisation of intangible assets with finite useful life totalled EUR 21,334 thousand in 2015.

8.15 GOODWILL

Goodwill of EUR 1,776,445 thousand consists of the book value of the goodwill arising from the merger of Largenta Italia S.p.A. into YOOX NET-A-PORTER GROUP S.p.A., which took effect for legal and accounting purposes on 5 October 2015.

Goodwill was measured as the difference between the amount transferred and the net assets acquired calculated provisionally and, therefore, liable to future changes in consideration of the completion of the purchase price allocation process, which is still in progress.

This goodwill has been subjected to an impairment test using the process approved by the Parent Company YOOX NET-A-PORTER GROUP's Board of Directors on 8 February 2015; it did not show signs of potential impairment.

For the purpose of the impairment test, YOOX NET-A-PORTER GROUP was considered to be the sole CGU based on the following:

- there is a single, integrated strategy for managing the Group's logistics and technology platforms;
- management and control activities are performed centrally by a single, dedicated management team;
- inventory management is centralised and unified at Group level;
- the Group's products and the active market for these products show similar characteristics;
- the business plan does not provide for subdivisions by business area, in line with the Group's management as a single entity;
- consistency and alignment with the representation of the Group provided to the market.

The recoverable value of the CGU was calculated, with the help of external consultants, as value in use, taken as the sum of the current net value of operating cash flows (discounted for this purpose using the Discounted Cash Flow method) taken from the business plan for 2016-2019 and from a terminal value at the end of this. Forecasts for 2016-2019 were provided by management based on the results from prior years' management expectations regarding the performance of the reference market and the achievement of synergies set out in the plan. At the end of the period relating to cash flows based on the 2016-2019 business plan, a terminal value was estimated to reflect the value of the CGU beyond the period of the plan, based on a going concern assumption. This terminal value was calculated as a perpetual yield taking into account a long-term growth rate ("g rate") of 2%

The discount rate was calculated as the weighted average cost of capital (WACC) in a post-tax configuration, calculated as the weighted average of the cost of own capital, calculated on the basis of the Capital Asset Pricing Model and the cost of Group debt.
The rate, pursuant to IAS 36, was calculated with reference to the operating risk level of the sector and the financial structure of a sample of listed companies comparable to the Group in terms of risk profile and sector. The discount rate used (8%) was composed as follows:

- risk-free rate: 1.8%
- beta: 0.9
- market risk premium: 5.1%

The approach that takes account of implied country risk in the risk-free rate was used to calculate the discount rates.

The risk-free rate refers to an average for 10-year Italian and UK government bonds (BTPs) between January and December 2015. The beta refers to a five-year recorded beta for a basket of comparable companies.
The risk premium is considered to be 5.1% with regard to Italy and the UK.

Based on simulations using the above parameters, there is no evidence of impairment to the goodwill booked at 31 December 2015.
The Group conducted sensitivity analyses into the results of the test compared with the change in the basic assumptions (using the growth rate in processing the end value and the discount rate) which condition the value in use of the cash generating units. In the case of a positive or negative change of 0.5% of the WACC and the G used, the analyses would not lead to highlighting losses in value. In all cases processed the value in use of the Group was higher that the net book value subjected to the test.
Taking into consideration that the recoverable value was calculated based on estimates, the Group cannot ensure that there will not be a loss in value in goodwill in future periods. Given the current weak market environment, various factors used in the processing of the estimates could be reviewed; YNAP Group will constant monitor these factors and the existence of losses in value.

8.16 INVESTMENTS IN ASSOCIATES

The non-current item as at 31 December 2015 stood at EUR 329 thousand.

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
INVESTMENTS IN ASSOCIATES	329	59	270
TOTAL	329	59	270

The change in 2015 was due to the valuation of the associate at equity. The table below provides a summary of the operational data of the 49%-owned associate.

INVESTMENT	END OF YEAR DATE	OWNERSHIP %	INVESTMENT	INVESTMENT PROFIT/LOSS	INVESTMENT EQUITY	SHARE OF PROFIT (LOSS)
E_LITE S.P.A (ASSOCIATE)	DECEMBER 31	49%	329	1,289	672	632
TOTAL			329	1,289	672	632

YOOX
NET-A-PORTER
GROUP

8.17 DEFERRED TAX ASSETS

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DEFERRED TAX ASSETS	56,075	10,021	46,054
TOTAL	56,075	10,021	46,054

Changes in deferred tax assets during 2015 are shown in the following table:

DESCRIPTION	BALANCE AS AT 31/12/14	INCREASES	UTILISATION	CHANGE IN CONSOLIDATION SCOPE	EXCHANGE RATE DIFFERENCE FROM CONSOLIDATION	BALANCE AS AT 31/12/15
DEFERRED TAX ASSETS	10,021	23,402	(11,333)	32,996	989	56,075
TOTAL	10,021	23,402	(11,333)	32,996	989	56,075

The deferred tax assets pertaining to the allowance for impairment, the provision for obsolete inventories and the provisions for risks and charges also include the amount pertaining to provisions made by foreign subsidiaries.

8.18 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets totalled EUR 3,100 thousand at 31 December 2015 (compared with EUR 999 thousand a year earlier), corresponding mainly to security deposits that break down as follows:
Other non-current financial assets are due to be repaid in more than five years' time.

Note that for a better understanding of the changes in the period, the effect of this item at 31 December 2015 of EUR 1,920 thousand from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

8.19 INVENTORIES

DESCRIPTION	BALANCE AS AT 31/12/14	BALANCE AS AT 31/12/13	CHANGE
INVENTORIES	531,585	222,834	308,751
TOTAL	531,585	222,834	308,751

Inventories as at 31 December 2015 and 31 December 2014 break down as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
INVENTORIES OF RAW MATERIALS, CONSUMABLES AND SUPPLIES	2,376	1,372	1,004
TOTAL	2,376	1,372	1,004
FINISHED PRODUCTS AND GOODS	621,347	228,239	393,108
PROVISION FOR OBSOLETE FINISHED PRODUCTS AND GOODS	(92,138)	(6,778)	(85,360)
TOTAL	529,209	221,461	307,748
TOTAL NET INVENTORIES	531,585	222,834	308,751

Inventories more than doubled from EUR 222,834 thousand at 31 December 2014 to EUR 531,585 thousand a year later, and relate to goods that have been purchased for subsequent resale online.

This increase was due only in part to higher sales in 2015. The change in the increase is due in part to the business model which is more focused on early procurement of goods, which might take place in the financial year prior to the sale season and to changes in the year relating to the consolidation of THE NET-A-PORTER Group.

Note that to make the changes for the year easier to read, this item as 31 December 2015 was affected by EUR 225,209 thousand by the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

Goods from previous collections and/or obsolete goods are written down with a provision for obsolete inventories, calculated using the estimated realisable value of the goods. This estimated realisable value also takes account of the anticipated effects of new sale policies.

The amount of and changes in the provision for obsolete inventories in 2015 are shown below:

DESCRIPTION	BALANCE AS AT 31/12/14	CHANGE IN SCOPE OF CONSOLIDATION	INCREASES	DECREASES	EFFECT OF CONSOLIDATION	BALANCE AS AT 31/12/.15
PROVISION FOR OBSOLETE INVENTORIES	(6,778)	(67,813)	(17,190)	-	(357)	(92,138)
TOTAL	**(6,778)**	**(67,813)**	**(17,190)**	**-**	**(357)**	**(92,138)**

The provision for obsolete inventories has a carrying amount deemed appropriate for the actual quantities of obsolete or slow-moving goods on hand. For the purpose of transparency, it should be stressed that EUR 67,813 thousand of this item's total balance at 31 December 2015 referred to the consolidation of THE NET-A-PORTER Group. The provision for the year stands at EUR 17,190 thousand.

8.20 TRADE RECEIVABLES

The breakdown of trade receivables at 31 December 2015 is as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DUE FROM CUSTOMERS	12,422	6,753	5,669
OTHER TRADE RECEIVABLES	19,004	8,104	10,900
ALLOWANCE FOR IMPAIRMENT	(134)	(126)	(8)
TOTAL	**31,292**	**14,732**	**16,561**

The receivables due from customers are fully recoverable within 12 months and relate to trade receivables for the sale of goods to individuals.

Other trade receivables mainly relate to receivables from online stores, chiefly for the provision of services. This item includes, among other things, services which refer to set-up fees incurred by the Group in relation to Strategic Partners for the online store design and implementation activities carried out by the Group.

For the purpose of transparency with the changes for the period, note that at 31 December 2015 the impact of this item was EUR 12,229 from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

The table below shows changes in the allowance for impairment in 2015:

DESCRIPTION	BALANCE AS AT 31/12/14	INCREASES	DECREASES	BALANCE AS AT 31/12/15
ALLOWANCE FOR IMPAIRMENT	(126)	(9)	-	(134)
TOTAL	(126)	(9)	-	(134)

The allowance for impairment covers specific risks relating to unpaid receivables and other receivables not considered recoverable. Provisions made during the period adjust the receivables to their estimated realisable value. During 2015, provisions of EUR 9 thousand were made to adjust loan risk coverage.

Pursuant to IFRS 7, Note 10 provides information on the maximum credit risk classed according to due dates, gross of the allowance for impairment.

8.21 OTHER CURRENT ASSETS

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
OTHER CURRENT ASSETS	34,790	7,510	27,280
TOTAL	34,790	7,510	27,280

The following is a breakdown of other current assets as at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
OTHER RECEIVABLES	2,841	590	2,251
ALLOWANCE FOR IMPAIRMENT – RECEIVABLES FROM OTHERS	(221)	(221)	-
ADVANCES TO SUPPLIERS	142	153	(11)
ADVANCES TO EMPLOYEES	184	8	176
PREPAYMENTS AND ACCRUED INCOME	23,166	4,390	18,776
TAX RECEIVABLES	8,679	2,589	6,090
TOTAL	34,790	7,510	27,282

“Other receivables” includes:

- mainly credit notes received from suppliers for which the latter must still refund money to the Company and from advance payments to the supplier for the purchase of goods for which the corresponding invoices have not yet been received (e.g.: payments on order, prepayments);

The allowance for impairment of receivables from others, as previously mentioned, relates to the loan to the Greek tax representative, which is deemed unrecoverable.

The item “Prepayments and accrued income” is made up largely of costs pertaining to future years that were actually incurred in 2015. These are mainly software licensing fees, insurance costs, rental costs, trademark royalties and consultancy fees. The increase compared with 2014 was consistent with both the higher business volumes and the acquisition carried out in 2015.

Tax receivables, which are fully recoverable by the end of the following year, comprise receivables for direct and indirect taxes.

For the purpose of transparency with the changes for the period, note that at 31 December 2015 the impact of this item was EUR 32,937 from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

8.22 CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS

The breakdown of the item "Cash and cash equivalents" at 31 December 2015 is as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
BANK AND POSTAL ACCOUNTS	130,320	118,017	12,303
CASH AND CASH EQUIVALENTS ON HAND	20	11	9
TOTAL	130,340	118,028	12,312

The balance, entirely denominated in Euro except where expressly indicated, represents the cash and cash equivalents on hand at year end deposited at major banks, readily available and free from liens

The following is a breakdown of current financial assets at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DUE FROM ACQUIRERS	51,394	8,855	42,539
INVESTMENTS	10,218	-	10,218
DUE FROM ASSOCIATE COMPANIES	240	42	198
PREPAYMENTS AND ACCRUALS	1,102	642	460
TOTAL	62,954	9,539	53,415

For the purpose of transparency with the changes for the period, note that at 31 December 2015 the impact of this item was EUR 6,168 from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

8.23 EQUITY

The breakdown of changes in equity as at 31 December 2015 is presented in a separate table.

The share capital of EUR 1,301,258.85 at 31 December 2015 was higher than the figure of EUR 619,640 a year earlier because of: (i) the capital increase serving the merger totalling EUR 655,995.97, carried out via the issue of 65,599,597 shares without par value, of which 20,693,964 were ordinary shares and 44,905,633 were B shares (without voting rights); and (ii) the exercise of stock options by beneficiaries. Specifically, on 23 March 2015, 14 April 2015, 31 July 2015, 5 August 2015 and 11 November 2015, 59,800, 75,400, 3,900, 31,200 and 2,391,956 ordinary shares, respectively, were granted following the exercise of 1,150, 1,450, 75, 600 and 1,517,153 options relating to the 2007-2012, 2006-2008 and 2012-2015 plans, for a total of EUR 26 thousand.

The reserves are composed as follows:

- share premium reserve of EUR 1,941,658 thousand at 31 December 2015 (EUR 85,999 thousand a year earlier); during 2015, this reserve increased by: (i) EUR 15,612 thousand due to the exercise of stock options by beneficiaries (specifically, on 23 March 2015, 14 April 2015, 31 July 2015, 5 August 2015 and 11 November 2015, 59,800, 75,400, 3,900, 31,200 and 2,391,956 ordinary shares, respectively, were granted following the exercise of 1,150, 1,450, 75, 600 and 1,517,153 options relating to the 2007-2012, 2006-2008 and 2012-2015 plans), (ii) EUR 1,840,048 due to the booking of the premium on the 5 October merger with Largenta Italia.

- the legal reserve, which totalled EUR 193 thousand at 31 December 2015 (EUR 193 thousand at 31 December 2014), consists of accruals of 5% of Parent Company profits every year.

- the purchase of treasury shares, with a negative balance of EUR 162 thousand, is recorded as a direct decrease in net equity in compliance with IAS 32.

- the translation reserve, which had a balance of EUR 4,991 thousand at 31 December 2015 (compared with EUR 624 thousand a year earlier), reflects exchange rate differences arising from the translation of financial statements denominated in foreign currency. The change as at 31 December 2015 was positive by EUR 4,367 thousand;

- other reserves, equal to EUR 21,542 thousand as at 31 December 2015 (EUR 20,759 thousand at 31 December 2014) include the fair value measurement of the stock options, equal to EUR 21,983 as at 31 December 2015 (EUR 20,623 a year earlier), the cash flow hedge reserve, equal to EUR -393 thousand (EUR 192 thousand as at 31 December 2014), and the reserve for actuarial gains and losses from the measurement of post-employment benefits, EUR -47 thousand (EUR -56 thousand as at 31 December 2014);

- retained earnings (losses carried forward) amount to EUR 50,358 thousand as at 31 December 2015 (EUR 35,556 thousand as at 31 December 2014), an increase of EUR 13,802 thousand due to the allocation of profit for 2014.

8.24 STOCK OPTION PLANS AND INCENTIVE PLANS

Granting of stock options

Following approval of the share-split at the Extraordinary General Meeting of the Parent Company on 8 September 2009, beneficiaries of Stock Option Plans exercising their options will be entitled to 52 ordinary shares of the Company for every option exercised, except for the 2012-2015 Stock Option Plan and the 2015-2025 Stock Option Plan, which provide for the ratio of one share for every option exercised.

With reference to the Stock Option Plans and company Incentive Plans reserved for employees, associates, consultants and directors of the Company and its subsidiaries, as at 31 December 2015 the Board of Directors had granted the following options, outlined in the table below:

STOCK OPTION PLANS	*GRANTED (A)*	*EXPIRED (B)*	*EXERCISED (C)*	*TOTAL GRANTED NOT LAPSED OR NOT EXERCISED (D = A-B-C)*	*GRANTED, NOT VESTED*	*GRANTED, VESTED, NOT EXERCISABLE*	*GRANTED, VESTED AND EXERCISABLE*
2001 – 2003	80,575	31,560	49,015	0	0	0	0
2003 – 2005	36,760	3,000	32,760	1,000	0	0	1,000
2004 – 2006	32,319	12,650	19,169	500	0	0	500
2006 – 2008	31,303	200	25,190	5,913	0	0	5,913
2007 – 2012	102,600	3,650	85,389	13,561	0	0	13,561
2009 – 2014	94,448	24,599	69,849	0	0	0	0
TOTAL	**378,005**	**75,659**	**281,372**	**20,974**	**0**	**0**	**20,974**

The table below shows the exact prices for the options assigned that have not expired or been exercised.

STRIKE PRICES IN EURO	59.17	106.50	*TOTAL OPTIONS*	*TOTAL SHARES*
2003-2005	0	1,000	1,000	52,000
2004-2006	0	500	500	26,000
2006-2008	5,913	0	5,913	307,476
2007-2012	13,061	500	13,561	705,172
TOTAL	18,974	2,000	20,974	1,090,648

With reference to the 2012-2015 Stock Option Plan, approved by the Shareholders' Meeting on 29 June 2012, on 21 September 2012 the Company's Board of Directors approved the Plan Regulations and, at the proposal of the Compensation Committee, the granting to CEO Federico Marchetti of 1,500 thousand options valid for the subscription of 1,500 thousand YOOX ordinary shares (in the ratio of 1 new ordinary share for every 1 option exercised) at a subscription price for each single share of EUR 9.60, corresponding to the weighted average of the prices recorded for YOOX ordinary shares on the *Mercato Telematico Azionario*, the Italian screen-based trading system organised and managed by Borsa Italiana S.p.A., in the 30 (thirty) trading days prior to the option grant date.

Pursuant to a resolution of the Board of Directors passed on 25 February 2015, the intermediate vesting thresholds for the 2014 tranche of the "2012-2015 Stock Option Plan" were modified and, consequently, a total of 500 thousand options (corresponding to 500 thousand ordinary shares) became exercisable by the CEO.

The following option rights have been granted by the Board of Directors with the breakdown given in the table below:

STOCK OPTION PLANS	*GRANTED (A)*	*EXPIRED (B)*	*EXERCISED (C)*	*TOTAL GRANTED, NOT EXPIRED OR NOT EXERCISED (D = A-B-C)*	*GRANTED, NOT VESTED*	*GRANTED, VESTED, NOT EXERCISABLE*	*GRANTED, VESTED AND EXERCISABLE*
2012 – 2015	1,500,000	0	1,500,000	0	0	0	0
TOTAL	1,500,000	0	1,500,000	0	0	0	0

The table below shows the exact prices for the options assigned that have not expired or been exercised.

STRIKE PRICE FOR THE PERIOD	€ 9.60	TOTAL OPTIONS	TOTAL SHARES
2012-2015	1,500,000	1,500,000	1,500,000
TOTAL	1,500,000	1,500,000	1,500,000

The Company's Board of Directors approved the Plan Regulations for the 2015-2025 Stock Option Plan on 16 December 2015, the same day on which the Extraordinary General Meeting approved the plan itself.

At the proposal of the Compensation Committee, the Board of Directors voted to award 40 beneficiary directors and managers with strategic responsibilities 5,783,147 options to subscribe 5,783,147 ordinary YNAP shares (at the ratio of one new ordinary share for every option exercised) at a unit strike price of EUR 32,466, in line with the plan and corresponding to the arithmetic mean of official prices recorded by the YNAP ordinary shares on the Mercato Telematico Azionario exchange between the day before the option grant date (15 December 2015) and the previous month's option grant date (16 November 2015).

The following option rights have been granted by the Board of Directors with the breakdown given in the table below:

STOCK OPTION PLANS	*GRANTED (A)*	*EXPIRED (B)*	*EXERCISED (C)*	*TOTAL GRANTED, NOT EXPIRED OR NOT EXERCISED (D = A-B-C)*	*GRANTED, NOT VESTED*	*GRANTED, VESTED, NOT EXERCISABLE*	*GRANTED, VESTED AND EXERCISABLE*
2015 – 2025	5,783,147	0	0	5,783,147	5,783,147	0	0
TOTAL	5,783,147	0	0	5,783,147	5,783,147	0	0

The table below shows the exact prices for the options assigned that have not expired or been exercised.

STRIKE PRICE FOR THE PERIOD	€ 32.466	TOTAL OPTIONS	TOTAL SHARES
2015-2025	5,783,147	5,783,147	5,783,147
TOTAL	5,783,147	5,783,147	5,783,147

Granting of shares

On 1 July 2010, the Board of Directors of the Parent Company approved the 2009-2014 Incentive Plan Regulations in compliance with the approval of the Shareholders' Meeting on 8 September 2009.

A treasury share purchase programme was set up for this purpose in order to comply with the decision of the Meeting on 7 October 2009 and the Board of Directors on 1 July 2010. The share purchase programme was aimed at acquiring sufficient shares for the 2009-2014 Incentive Plan for employees of the Parent Company and its subsidiaries.

Specifically, on 5 May 2011 YOOX S.p.A.'s ordinary shareholders' meeting authorised the purchase and availability of treasury shares pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code and Article 132 of Legislative Decree 58/1998 and related implementation provisions.

Specifically and in compliance with the YOOX S.p.A. Ordinary Shareholders' Meeting resolution of 5 May 2011, the programme refers to the purchase of YOOX S.p.A. ordinary shares, with no indication of par value, up to a maximum amount of 250 thousand ordinary shares, for a total maximum value of EUR 3,000 thousand.

Under the scope of the treasury shares purchase programme to service the YOOX S.p.A. 2009-2014 Incentive Plan, the Company bought:

- in the period from 2 July 2010 to 7 July 2010, 62 thousand YOOX S.p.A. ordinary shares, at an average unit price of EUR 5.836485 per share after commission, for a total value of EUR 361,862.06;
- in the period from 5 August 2011 to 8 August 2011, 60 thousand YOOX S.p.A. ordinary shares, at an average unit price of EUR 9.594572 per share after commission, for a total value of EUR 575,674.30;
- on 6 September 2011, 5,000 YOOX S.p.A. ordinary shares, at an average unit price of EUR 9.5095 per share after commission, for a total value of EUR 47,547.50;
- on 4 October 2011, 27,331 YOOX S.p.A. ordinary shares, at an average unit price of EUR 9.500947 per share after commission, for a total value of EUR 259,670.39;
- on 17 November 2011, 7,669 YOOX S.p.A. ordinary shares, at an average unit price of EUR 9.276056 per share after commission, for a total value of EUR 71,138.08.

As at the document date, the YOOX S.p.A. 2009-2014 Incentive Plan" should be considered to have been carried out in full.

The Shareholders' Meeting on 30 April 2015 authorised the purchase and availability of treasury shares pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code and Article 132 of Legislative Decree 58/1998 and related implementation provisions, thereby revoking the resolution authorising the purchase of treasury shares approved by the Shareholders' Meeting of 17 April 2014 for the part not executed.

For more details, please see the Press Release issued on that date, which is available on the Company website, www.ynap.com, under the section "Investor Relations / Press Releases".

As at the date of this document, the Company holds 17,339 treasury shares in its portfolio, equal to 0.020% of its share capital.

Share capital increases to service stock option plans and company incentive plans

On 29 June 2012, the YOOX S.p.A. Shareholders' Meeting took place in ordinary session pursuant to Article 114-*bis* of Legislative Decree 58/1998 and approved the establishment of an incentive and loyalty scheme known as the 2012-2015 Stock Option Plan for YOOX S.p.A. executive directors, to be implemented through the free granting of options valid for subscribing newly issued YOOX S.p.A. ordinary shares (in the ratio of one ordinary share for every option exercised).
In its extraordinary session, the same Shareholders' Meeting approved the divisible paid-in capital increase for a maximum amount of EUR 15 thousand to be transferred to the share capital, with the exclusion of the option right pursuant to Article 2441, paragraph 4, point 2 of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the 2012-2015 Stock Option Plan mentioned above.
This increase was entirely implemented on 11 November 2015 following the exercising of all the options granted under the scope of this Plan.
Also note that on 17 April 2014 the ordinary Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the "2014-2020 Stock Option Plan" exclusively for employees of YOOX S.p.A. and companies directly or indirectly controlled by it, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
In extraordinary session, the Shareholders' Meeting approved the capital increase through payment in cash in one or more tranches, of a maximum amount of EUR 5 thousand attributable to the capital, increased by any premium, with the exclusion of option rights pursuant to Article 2441, paragraph 8 of the Italian Civil Code, to be reserved exclusively for subscription by employees of YOOX S.p.A. and subsidiary companies as beneficiaries of the above Stock Option Plan.

On 16 December 2015, having read and approved the Board of Directors' Report and in view of the 2014-2010 Stock Option Plan not being executed in any way, the Extraordinary Shareholders' Meeting resolved both to revoke the initial decision and the consequent resolution for the share capital increase

On 16 December 2015, the Extraordinary Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the 2015 - 2025 Stock Option Plan exclusively for directors, managers and employees of YNAP. and its direct or indirect subsidiaries, to be implemented through the free granting of options valid for subscribing newly issued YNAP ordinary shares (in the ratio of one ordinary share for every option exercised).
At the same meeting, shareholders approved a paid-in, divisible capital increase servicing the plan for a maximum of EUR 69,061.33, pursuant to Article 2441, paragraphs 5 and 6, of the Italian Civil Code and thus excluding the option right, to be implemented via the issue of up to 6,906,133 new ordinary YNAP shares without par value and with regular dividend rights and the same characteristics as outstanding shares.
The deadline for subscription to the capital increase has been set as 31 December 2025, with the provision that if the capital increase has not been fully subscribed by this deadline, the share capital shall, pursuant to Article 2439, paragraph 2, of the Civil Code, be deemed to be increased by an amount equal to the subscriptions received up to that moment and with effect from that moment, provided these resolutions have been filed with the Register of Companies.

Establishment of the Stock Option Plans and company Incentive Plans and subsequent changes

On 27 April 2012 the Shareholders' Meeting, pursuant to Article 114-*bis* of Legislative Decree 58/1998, approved the establishment of an incentive and loyalty plan known as the "Stock Grant Plan" for employees of YOOX S.p.A. and companies directly or indirectly controlled by it, to be implemented through the allocation, free of charge, of a total of 550 thousand YOOX S.p.A. ordinary shares, giving the Board of Directors the mandate to adopt the relevant regulations.

On 29 June 2012 the YOOX S.p.A. Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of an incentive and loyalty scheme known as the "2012-2015 Stock Option Plan" for YOOX S.p.A. executive directors, to be implemented through the free granting of options valid for subscribing newly issued YOOX S.p.A. ordinary shares (in the ratio of one ordinary share for every option exercised).
The 2012-2015 Stock Option Plan makes provision for the allocation of a total of 1,500 thousand ordinary shares.

On 21 September 2012, the Company's Board of Directors approved the Plan Regulations and, on the proposal of the Compensation Committee, the allocation in favour of the CEO Federico Marchetti of 1,500 thousand options valid for the subscription of 1,500 thousand YOOX ordinary shares (in the ratio of one new ordinary share for every option exercised).

On 17 April 2014 the Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the "2014-2020 Stock Option Plan" exclusively for employees of YOOX S.p.A. and companies directly or indirectly controlled by it, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
The 2014-2020 Stock Option Plan made provision for the allocation of a total of 500 thousand ordinary shares.
On 16 December 2015, in view of the 2014-2010 Stock Option Plan not being executed in any way, the Extraordinary Shareholders' Meeting resolved to revoke the initial decision, which should now be considered void.

On 16 December 2015, the Extraordinary Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the 2015 - 2025 Stock Option Plan exclusively for directors, managers and employees of YNAP and its direct or indirect subsidiaries, to be implemented through the free granting of options valid for subscribing newly issued YNAP ordinary shares.
The plan makes provision for the issue of up to 6,906,133 new ordinary YNAP shares without par value and with regular dividend rights and the same characteristics as outstanding shares.
On 16 December 2015, the Board of Directors approved the Plan Regulations and, at the proposal of the Compensation Committee, voted to award 40 beneficiary directors and managers with strategic responsibilities 5,783,147 options for subscribing 5,783,147 ordinary YNAP shares (at the ratio of one new ordinary share for every option exercised).

8.25 MEDIUM-LONG TERM FINANCIAL LIABILITIES – BANK LOANS AND OTHER CURRENT FINANCIAL PAYABLES

Bank loans and other financial liabilities stood at EUR 130,668 thousand, an increase of EUR 33,838 thousand compared with 31 December 2014 (EUR 96,831 thousand).

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
MEDIUM/-LONG-TERM FINANCIAL LIABILITIES	101,219	66,072	35,147
BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES	29,450	30,759	(1,309)
TOTAL	**130,668**	**96,831**	**33,838**

For the purpose of transparency with the changes for the period, note that at 31 December 2015 the impact of this item was EUR 6,216 thousand from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group, The following table shows the breakdown of debt as at 31 December 2015:

LENDING INSTITUTION	REMAINING AMOUNT	RATE	SHORT-TERM PORTION	MEDIUM-/LONG - TERM PORTION
BNL - BNP PARIBAS GROUP	8,500	EURIBOR + VARIOUS%	3,500	5,000
BANCA SELLA	2,917	EURIBOR + 2.3%	1,667	1,250
MEDIOCREDITO	40,000	EURIBOR + 1.1%	-	40,000
EIB	36,163	FIXED (AVG. 1.66%)	8,918	27,245
UNICREDIT	30,000	EURIBOR + 1.5%	3,330	26,670
DE LAGE LANDEN	129	FIXED	129	-
FACTOR (IFITALIA)	6,730	EURIBOR + VARIOUS%	6,730	-
HSBC (OVERDRAFT) – LARGENTA GROUP	3,479	EURIBOR + VARIOUS%	3,479	-
FINANCIAL LEASES	2,613	FIXED	1,557	1,056
ACCRUED LIABILITIES	*137*		*137*	-
TOTAL	130,668		29,450	101,221

The summarised details of loan agreements and lines of credit stipulated in 2015 are given below:

UNICREDIT loan
On 20 December 2013, an unsecured loan worth EUR 30,000 thousand was signed with UniCredit S.p.A., broken down into a tranche worth EUR 10,000 thousand with a term of 72 months, available to be drawn down up to 12 months from the date of signing the loan, to be repaid half-yearly in arrears, and another tranche worth EUR 20,000 thousand, available for a term of 60 months in the form of a revolving credit line.
Before the term of 12 months from the date of signing had expired, the terms of the loan were renegotiated; the total amount was increased to EUR 60,000 thousand, broken down into a tranche worth EUR 30,000 thousand with a term of 72 months, available to be drawn down until 31 March 2015, to be repaid half-yearly in arrears, and another tranche worth EUR 30,000 thousand, available for a term of 60 months in the form of a revolving credit line. Under the new agreement, the spread was also reduced from 2.50% to 1.50% for the term loan, and to 1.80% for the revolving credit line. On 31 March 2015, the term loan was disbursed in the full amount of EUR 30,000 thousand. On 19 June, the acquisition of a plain vanilla interest rate swap (IRS) was formalised, with the rate fixed at 0.43%. On 23 September 2015, EUR 10,000 thousand was disbursed in relation to the aforementioned revolving credit line with quarterly maturity dates.

Mediocredito loans
On 9 December 2013, an unsecured loan was signed with Mediocredito, in the form of a term loan worth EUR 23,000 thousand, disbursed upon signing and with a term of 60 months, with the first principal instalment maturing on 31 March 2015. Prior to this maturity date, the terms of the loan were renegotiated, increasing the amount to EUR 40,000 thousand. The renegotiation also reduced the spread from 2.60% to 1.10%, and extended the original maturity date of the loan by 12 months.

COMMITMENTS OF A FINANCIAL NATURE (COVENANTS)

The Company, including for the purposes of Article 1461 of the Italian Civil Code, recognises the essential nature of complying with the financial parameters, in accordance with the consolidated financial statements in the name of YOOX NET-A-PORTER GROUP S.p.A., accepting that the "Bank" can terminate the contracts if the financial position recorded in the consolidated financial statements does not comply with these parameters, or even with only one of them.

Below are the finance parameters for the loan agreed with Banca Nazionale del Lavoro, UniCredit and Mediocredito:

1) the ratio between the Net Financial Position and the EBITDA excluding the incentive plans should not be more than 2.5 times the total loan repayment;

2) the ratio between the Net Financial Position and the Shareholders' Equity should not be more than 1.0 times the total loan repayment.

The finance parameter for the loan taken out with the European Investment Bank is also provided:

1) the ratio between the Net Financial Position and the EBITDA excluding the incentive plans should not be more than 2.0 times the total loan repayment;

2) the ratio between the Net Financial Position and the Shareholders' Equity should not be more than 0.8 times the total loan repayment.

YOOX NET-A-PORTER GROUP S.p.A. will notify the "Banks" of the above financial parameters on a half-yearly basis, on 30 June and 31 December every year until the due date.
If even only one of the above parameters is not complied with, YOOX NET-A-PORTER GROUP S.p.A., without prejudice to the right of the "Bank" to terminate the contract, undertakes to agree with the "Bank", within 30 working days of the request, the financial and management operations necessary to ensure that the parameters in question come under the set terms, or, alternatively, to repay the loan in advance on the due date of the interest period in progress.

In relation to the aforementioned financing agreed, it should be noted that as at 31 December 2015, just as at 31 December 2014, the aforementioned financial parameters were complied with by the Group.

As at 31 December 2015 financing with other credit institutions is not governed by compliance with parameters of a financial and commercial nature.

Net financial position

The table below gives a breakdown of net financial position as at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
CASH AND CASH EQUIVALENTS	130,340	118,028	12,312
CURRENT FINANCIAL ASSETS	62,954	9,539	53,415
OTHER CURRENT FINANCIAL ASSETS	103	419	(316)
BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES	(29,450)	(30,759)	1,309
OTHER CURRENT FINANCIAL LIABILITIES	(645)	(155)	(490)
CURRENT NET FINANCIAL POSITION	**163,302**	**97,071**	**66,231**
MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	(101,219)	(66,072)	(35,147)
NET FINANCIAL POSITION [37]	**62,084**	**31,000**	**31,084**

During the course of 2015, the Group's net financial improved by EUR 31,084 thousand, rising from EUR 31,000 thousand at 31 December 2014 to EUR 62,084 thousand a year later.

[37] Net debt (or net financial position) is the sum of cash and cash equivalents, other current financial assets, net of bank loans and other financial liabilities falling due within one year, other current financial liabilities, and medium-long term financial liabilities. Net debt (or net financial position) is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the balance obtained by the Company may not be comparable with those calculated by such groups. For details of the items that make up net financial debt (or net financial position), see the table above in the section "Net financial position". "Other current financial assets" are not governed by the definition of net financial debt (or net financial position) of the CESR. The Group believes this definition should be integrated including claims vs. acquirers and logistics operators from whom cash on delivery is required under "Other current financial assets".

8.26 EMPLOYEE BENEFITS

This item refers exclusively to the post-employment benefits recorded by the Parent Company in accordance with current legislation. Changes in defined benefit plans for employees in 2015 are summarised below:

DESCRIPTION	*BALANCE AS AT 31/12/14*	*PROVISIONS*	*UTILISATION*	*BALANCE AS AT 31/12/15*
EMPLOYEE BENEFITS	165	60	71	154
TOTAL	165	60	71	154

The main technical, demographic and economic parameters used in the actuarial calculation of employee benefits as at 31 December 2015 are summarised below:

ACTUARIAL ASSUMPTIONS USED FOR THE CALCULATIONS	
LIFE TABLES	ISTAT, SIM AND SIF DEMOGRAPHIC TABLES FOR 2014
ANNUAL TURNOVER RATE	2.90%
PROBABILITY OF REQUESTS FOR ADVANCES ON POST-EMPLOYMENT BENEFITS	7.60%
DISCOUNT RATE	2.03% (IBOXX CORPORATES AA € 10+)
INFLATION RATE	1.50%
% OF REQUESTS FOR ADVANCES	70.00%
NOMINAL PAY GROWTH RATE	1.50%

8.27 DEFERRED TAX LIABILITIES

The following table shows the breakdown of, and changes in, deferred tax liabilities as at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/14	INCREASES	UTILISATION	CHANGE IN SCOPE OF CONSOLIDATION	BALANCE AS AT 31/12/15
DEFERRED TAX LIABILITIES	285	1,909	(1,507)	6,237	6,924
TOTAL	285	1,909	(1,507)	6,237	6,924

DESCRIPTION OF TAXABLE ITEM	BALANCE AT 31/12/15	2015 TAX RATE	TAX RECORDED IN 2015
UNREALISED EXCHANGE RATE GAINS 2015	170	27.5%	47
POSITIVE FAIR VALUE (CFH) OF DERIVATIVES	72	27.5%	20
OTHER (NAP GROUP CONSOLIDATION)	34,285	20%	6,857
TOTAL	34,527		6,924

For the purpose of transparency with the changes for the period, note that at 31 December 2015 the impact of this item was EUR 6,237 from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

8.28 PROVISIONS FOR CURRENT AND NON-CURRENT RISKS AND CHARGES

This item reflects provisions for estimated current liabilities as at 31 December 2015, the timing and extent of which cannot be determined. The following table shows the breakdown of the item and changes in 2015:

DESCRIPTION	BALANCE AS AT 31/12/14	INCREASES	ADJUSTMENTS	UTILISATION	CHANGE IN SCOPE OF CONSOLIDATION	BALANCE AS AT 31/12/15
PROVISION FOR THEFT AND LOSS	178	254	-	(172)	-	260
PROVISION FOR FRAUD	304	447	-	(301)	1,327	1,777
COMPLIANCE RISK	-	-	-	-	77,300	77,300
OPERATIONAL RISK	-	-	-	-	10,851	10,851
TOTAL PROVISIONS FOR CURRENT RISKS AND CHARGES	**482**	**701**	**-**	**(473)**	**89,478**	**90,188**

During the year, EUR 172 thousand from the provision for theft and loss was used, and it was therefore deemed appropriate to proceed with a further accrual of EUR 254 thousand, following a new estimate.

During the year, EUR 301thousand was utilised from the provision for fraud, and it was therefore deemed appropriate to proceed with a further accrual of EUR 447 thousand, to cover against fraud committed via online sales paid for by credit card. This fraud coverage provision was calculated taking into account the historical incidence of the value of fraud in relation to the value of sales.

For the purpose of transparency with the changes for the period, note that at 31 December 2015 the impact of this item was EUR 89,478 from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

8.29 TRADE PAYABLES

The following table shows a breakdown of trade payables as at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DUE TO SUPPLIERS	269,031	124,956	144,075
CREDIT NOTES TO BE RECEIVED FROM SUPPLIERS	(6,013)	(3,628)	(2,385)
INVOICES TO BE RECEIVED FROM SUPPLIERS	88,030	43,101	44,929
DUE TO CREDIT CARD OPERATORS	2,211	37	2,174
TOTAL	**353,259**	**164,466**	**188,793**

During 2015, trade payables increased from EUR 164,466 thousand to EUR 353,259 thousand, a rise of more than 100% due essentially to the business acquired during the merger and higher sales volumes.

Trade payables are all payables relating to the purchase of goods and services from Group suppliers. Payables are recorded at their nominal value. Since all payables fall due within one year, none are subject to discounting. Trade payables include all amounts due to suppliers, both for the supply of finished products and raw materials, and for the supply of intangible assets.

For the purpose of transparency with the changes for the period, note that at 31 December 2015 the impact of this item was EUR 140,356 from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

8.30 TAX PAYABLES

Current tax liabilities relate exclusively to the current income tax liability, net of payments on account.

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
CURRENT INCOME TAX LIABILITY	29,683	320	29,363
TOTAL	**29,683**	**320**	**29,363**

During 2015, this figure increased by EUR 29,363 thousand from EUR 320 thousand to EUR 29,683 thousand.

For the purpose of transparency with the changes for the period, note that at 31 December 2015 the impact of this item was EUR 25,222 from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

8.31 OTHER PAYABLES

The following table shows a breakdown of other payables at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DUE TO SOCIAL SECURITY INSTITUTIONS	3,560	2,792	768
CREDIT NOTES TO BE ISSUED TO CUSTOMERS	72,052	10,462	61,590
DUE TO DIRECTORS	711	18	693
DUE TO EMPLOYEES	24,107	3,994	20,113
DUE TO TAX REPRESENTATIVES	10,795	7,695	3,100
OTHER PAYABLES	26,660	9,037	17,623
ACCRUED EXPENSES AND DEFERRED INCOME	11,014	230	10,784
TOTAL	**148,899**	**34,228**	**114,671**

The item "Due to social security institutions" reflects contributions payable to social security institutions, mainly on the amounts recognised to employees at the end of the reporting period.

Credit notes to be issued to customers are part of certain payables for services relating to sales made during 2015. The increase in this item was due to the higher sales volumes in 2015 compared with the previous year.

The item "Due to tax representatives" reflects indirect tax liabilities. Sales carried out in European countries during 2015 and 2014 exceeded the threshold set in Article 41, paragraph 1, letter b) of Decree-Law 331/93, which requires payment of VAT in the destination country for goods sold. In order to comply with this requirement, the Company has opened VAT accounts in these countries.

For the purpose of transparency with the changes for the period, note that at 31 December 2015 the impact of this item was EUR 80,470 from the valuation and recording of assets acquired and liabilities assumed at the respective fair values at 5 October 2015 following the merger with THE NET-A-PORTER Group.

Note that at 31 December 2015 the Group recognized other medium-/long-term payables in the amount of EUR 7,926 thousand (zero balance at 31 December 2014), due to the straight lining of operating leases held by THE NET-A-PORTER Group.

CONSOLIDATED STATEMENT OF CASH FLOWS

8.32 PROFIT FOR THE YEAR, TAXES FOR THE YEAR, INCOME TAXES PAID

Details of consolidated profit for the year, taxes for the year, depreciation and amortisation and other non-monetary income statement items are provided in Notes 8.8, 8.9, 8.10, 8.11 and 8.12, respectively.

In relation to the income tax in 2015 of EUR 4,993 thousand (EUR 8,827 thousand in 2014), tax payments amounting to EUR 17,358 thousand were made (EUR 11,112 thousand in 2014) relating to tax outstanding for the previous year and payments on account, calculated in accordance with the respective tax regulations in force in the various countries where the Group operates.

8.33 OTHER NET NON-MONETARY INCOME AND EXPENSES

Other net non-monetary income and expenses include non-monetary items on the income statement apart from income tax, depreciation and amortisation and provisions that are classified as a direct deduction from asset items (allowance for impairment and provisions for obsolescence). This includes provisions for defined benefit plans for employees (TFR), the measurement at fair value of stock option plans, provisions for risks and charges, capital gains and capital losses, unrealised foreign exchange fluctuations and recognised interest income and expenses. In relation to these last items, interest received and interest paid are presented separately.

8.34 CHANGE IN TRADE RECEIVABLES, INVENTORIES AND TRADE PAYABLES

This item reports the use or generation of cash relative to net working capital, i.e. changes in trade receivables, inventories and trade payables. Changes in trade payables refer exclusively to supplies of raw materials, goods and services, excluding the change in payables to suppliers of investments, which are reported in the section of the statement of cash flows relating to cash generated by or used in investing activities.

8.35 CHANGES IN OTHER CURRENT ASSETS AND LIABILITIES

This item reflects the change in all other current assets and liabilities, net of the effects of recognising non-monetary income and expenses, i.e. the change in the balances with a direct effect on the use or generation of cash.

8.36 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND PROCEEDS FROM THE SALE OF PROPERTY, PLANT AND EQUIPMENT

Cash flow from the acquisition of property, plant and equipment reflects both expenditure to replace plants and expenditure on new plants. The amount reported also includes the change in investment payables.

8.37 ACQUISITION OF OTHER INTANGIBLE ASSETS

Cash flow for acquisition of other intangible assets relates to investments in licences and software and the capitalisation of development costs (for a breakdown of these, see Note 8.13). Capitalisations are classified among cash flow from/used in investing activities since they involve a cash outflow associated with the internal costs incurred (mainly personnel expenses). These outflows were broadly in line with costs capitalised during the year.

8.38 ACQUISITION OF STAKES IN ASSOCIATES

No cash was used by the investment in the associate E_Lite.

8.39 ACQUISITION OF AND PROCEEDS FROM DISPOSALS OF OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets as at 31 December 2015 changed by EUR 2,101 thousand compared with the previous year (of which EUR 1,920 was attributable to assets acquired by THE NET-A-PORTER Group.

8.40 INCREASE IN SHARE CAPITAL AND SHARE PREMIUM RESERVE

For information on total receipts for increases in share capital and the share premium reserve, please see Note 8.23 "Equity attributable to owners of the Parent Company".

8.41 ARRANGEMENT AND REPAYMENT OF MEDIUM-/LONG-TERM FINANCIAL LIABILITIES

Repayments of other medium-/long-term financial liabilities relate to loans from banks and other lenders, as described in Note 8.25.

8.42 ARRANGEMENT AND REPAYMENT OF SHORT-TERM FINANCIAL PAYABLES

The change in short-term bank exposure is included in the change in short-term financial payables, since these are forms of short-term borrowing, as described in Note 8.25.

9. DISCLOSURE OF FINANCIAL RISKS

A. *Accounting classification and fair value*

For each financial asset and liability, the table below shows the carrying amount and the fair value, including the relevant fair value hierarchy level.

31 DECEMBER 2015		CARRYING VALUE						FAIR VALUE			
THOUSANDS OF EUROS	NOTE	LOANS AND RECEIVABLES	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE – HEDGING INSTRUMENTS	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS											
OTHER NON-CURRENT FINANCIAL ASSETS		3,100	-	-	-	-	**3,100**	-	-	-	**-**
TRADE RECEIVABLES		31,292	-	-	-	-	**31,292**	-	-	-	**-**
OTHER CURRENT ASSETS		34,687	-	103	-	-	**34,790**	-	103	-	**103**
CASH AND CASH EQUIVALENTS		130,340	-	-	-	-	**130,340**	-	-	-	**-**
TOTAL FINANCIAL ASSETS		**199,419**	**-**	**103**	**-**	**-**	**199,522**	**-**	**103**	**-**	**103**
FINANCIAL LIABILITIES											
OVERDRAFTS		-	-	-	-	(10,209)	**(10,209)**	-	-	-	**-**
SECURED BANK LOANS		-	-	-	-	(117,846)	**(117,846)**	-	(117,846)	-	**(117,846)**
UNSECURED BANK LOANS		-	-	-	-	-	**-**	-	-	-	**-**
FINANCE LEASE PAYABLES		-	-	-	-	(2,613)	**(2,613)**	-	(2,613)	-	**(2,613)**
TRADE PAYABLES		-	-	-	-	(353,259)	**(353,259)**	-	-	-	**-**
OTHER PAYABLES		-	-	(645)	-	(156,180)	**(156,825)**	-	(645)	-	**(645)**
TOTAL FINANCIAL LIABILITIES		**-**	**-**	**(645)**	**-**	**(640,107)**	**(640,752)**	**-**	**(121,104)**	**-**	**(121,104)**

YOOX
NET-A-PORTER
GROUP

31 DICEMBRE 2014		CARRYING VALUE						FAIR VALUE			
THOUSANDS OF EUROS	NOTE	LOANS AND RECEIVABLES	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE – HEDGING INSTRUMENTS	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS											
OTHER NON-CURRENT FINANCIAL ASSETS		999	-	-	-	-	**999**	-	-	-	**-**
TRADE RECEIVABLES		14,732	-	-	-	-	**14,732**	-	-	-	**-**
OTHER CURRENT ASSETS		7,091	-	419	-	-	**7,510**	-	419	-	**419**
CASH AND CASH EQUIVALENTS		118,028	-	-	-	-	**118,028**	-	-	-	**-**
TOTAL FINANCIAL ASSETS		**140,850**	**-**	**419**	**-**	**-**	**141,269**	**-**	**419**	**-**	**419**
FINANCIAL LIABILITIES											
OVERDRAFTS		-	-	-	-	(556)	**(556)**	-	-	-	**-**
SECURED BANK LOANS		-	-	-	-	(93,138)	**(93,138)**	-	(93,138)	-	**(93,138)**
UNSECURED BANK LOANS		-	-	-	-	-	**-**	-	-	-	**-**
FINANCE LEASE PAYABLES		-	-	-	-	(3,137)	**(3,137)**	-	(3,137)	-	**(3,137)**
TRADE PAYABLES		-	-	-	-	(164,466)	**(164,466)**	-	-	-	**-**
OTHER LIABILITIES		-	-	(155)	-	(34,073)	**(34,228)**	-	(155)	-	**(155)**
TOTAL FINANCIAL LIABILITIES		**-**	**-**	**(155)**	**-**	**(295,370)**	**(295,525)**	**-**	**(96,430)**	**-**	**(96,430)**

B. Hierarchical levels of fair value measurement

In order to calculate the fair value of financial instruments, the Group uses measurement techniques based on observable market parameters (mark to model) that fall under Level 2 of the hierarchy laid down in IFRS 13.

IFRS 13 identifies a hierarchy of measurement techniques based on three levels:

- Level 1: these inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2: these inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (price derivatives);
- Level 3: these are unobservable inputs, used where observable inputs are not available and there is therefore little, if any, market activity for the asset or liability in question.

When it chooses its measurement techniques, the Group adheres to the following hierarchy:

a) use of market prices, even if the markets are not active, for identical (recent transactions) or similar (comparable approach) instruments;

b) use of measurement techniques based mainly on observable market parameters;

c) use of measurement techniques based mainly on unobservable market parameters.

The company has implemented procedures to measure the fair value of assets and liabilities by using measurement techniques based on observable market parameters.

The Company has determined the fair value of its outstanding derivatives at 31 December 2015, using generally accepted measurement techniques for such instruments.

The models used to measure the instruments make provision for calculation via the information provider Bloomberg. The input data used for the models are mainly observable market parameters (euro, yen and dollar yield curves and official exchange rates at the measurement date) acquired from Bloomberg.

There were no switches from Level 1 to Level 2 or vice-versa in 2015.

C. Financial risk management

The Group is exposed to the following risks as a result of using financial instruments:

- Credit risk, concerning normal trade relations with customers and financing activities;
- Liquidity risk, concerning the availability of financial resources and access to the credit and security markets;
- Market risk, concerning fluctuations in interest rates and exchange rates involving the Euro and the other currencies in which the Group operates.

The Group's risk management policies aim to identify and analyse the risks facing the Group, to establish appropriate limits and controls and to monitor these risks and compliance with said limits. These policies and the related systems are reviewed on a regular basis in order to reflect any changes in market conditions or Group activity.

CREDIT RISK

Credit risk is the risk that a customer or counterparty of a financial instrument might bring about a financial loss by failing to fulfil one or more contractual obligations. It arises mainly from the Group's trade receivables and debt securities.

The carrying amount of its financial assets represents the Group's maximum exposure to credit risk. The existing receivables at year-end are chiefly due from customers, Group companies, other commercial counterparties and tax authorities. There are no significant overdue balances.

CREDIT RISK WITH COMMERCIAL COUNTERPARTIES

Because of the nature of its business, with receipts taken at the time of sale (via credit card) or delivery (cash), the Group has limited exposure to credit risk.
Credit risk related to doubtful accounts subject to legal action or to overdue accounts is monitored centrally based on monthly reports.

CREDIT RISK WITH FINANCIAL COUNTERPARTIES

The Group's theoretical credit risk on financial assets other than trade receivables arises from non-compliance by a counterparty with maximum exposure equal to the carrying amount of the financial asset, or from the nominal amount of guarantees given on third-party commitments or payables as mentioned in paragraph 11 of these notes. The Group has policies in place that limit its credit exposure to the various banks.
YOOX NET-A-PORTER GROUP has obtained lines of credit from leading Italian and international banks.
The Group is not aware of potential losses arising from the inability of financial counterparties to fulfil their significant or substantial contractual obligations.

LIQUIDITY RISK

Liquidity risk is the risk that the Group may find it difficult to obtain affordable financial resources enabling it to carry out its normal business.
The factors that determine the liquidity situation of the Group are the resources generated from or used in operating and investing activities, and the maturity and renewal conditions of debt or the liquidity of financial commitments and market conditions.
The Group has adopted a series of policies and processes to optimise the management of financial resources in order to reduce liquidity risk:

- centralised management of payment and payment collection flows, where this is economically expedient and complies with the various civil law, monetary and tax regulations of the countries in which the Parent Company is present;
- maintenance of a suitable level of cash on hand;
- diversified use of tools to procure financial resources and a continuous and active presence on capital markets;
- obtaining sufficient lines of credit to create an adequate debt structure that can make best use of the resources made available by the credit system over the short or long term;
- monitoring of future liquidity conditions with reference to the company planning process.

Management considers the funds currently available, in addition to the funds that will be generated from operating and financing activities, sufficient to allow the Parent Company to meet its requirements arising from investment activities, the management of working capital and the repayment of debts upon maturity.

In 2015, the Group complied with all financial covenants in its outstanding loan agreements.

The table below shows an analysis of contractual maturities, including interest, for financial liabilities.

NON-DERIVATIVE FINANCIAL LIABILITIES	CONTRACTUAL FINANCIAL FLOWS								
THOUSANDS OF EUROS	CARRYING VALUE	TOTAL	< 6 MONTHS	6-12 MONTHS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	> 5 YEARS
BANK OVERDRAFTS	10,209	**10,209**	10,209	-	-	-	-	-	-
SECURED BANK LOANS	117,846	**117,846**	-	17,681	100,165	-	-	-	-
UNSECURED BANK LOANS	-	-	-	-	-	-	-	-	-
FINANCE LEASE PAYABLES	2,613	**2,613**	-	1,557	1,056	-	-	-	-
TRADE PAYABLES	353,259	**353,259**	353,259	-	-	-	-	-	-

DERIVATIVE FINANCIAL LIABILITIES	CONTRACTUAL FINANCIAL FLOWS								
THOUSANDS OF EUROS	CARRYING VALUE	TOTAL	< 6 MONTHS	6-12 MONTHS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	> 5 YEARS
INTEREST RATE SWAP HEDGE	(284)	**(284)**	(284)	-	-	-	-	-	-
FORWARD FOREIGN EXCHANGE HEDGES	(259)	**(259)**	(259)	-	-	-	-	-	-

The inflows/outflows in the above table reflect the non-discounted contractual financial flows relating to derivative financial liabilities held for the purpose of managing risk which are not usually extinguished prior to maturity. The financial statements show net financial flows if these relate to derivatives that make provision for a net cash settlement of the differential and gross inflows and outflows if these relate to derivatives that make provision for simultaneous gross cash payments.
The interest owing on floating-rate loans and bonds shown in the table reflect the year-end interest rate and are sensitive to changes in market rates. The future financial flows relating to the potential amount and the derivatives may differ from those shown in the table if there are changes in the interest rates, exchange rates or underlying conditions. With the exception of these financial liabilities, it is not deemed likely that the financial flows featured in the maturity analysis will come about much in advance of the date shown or in materially different amounts.

MARKET RISK

Market risk is the risk that the fair value or future financial flows of a security may fluctuate following changes in market prices brought about by movements in exchange rates, interest rates or list prices of equity securities. The Group aims to manage and control its exposure to market risk, keeping it an acceptable level while maximising return on investments.
The market risk to which YOOX NET-A-PORTER GROUP is exposed comes in the form of currency risk and interest rate risk.

CURRENCY RISK

The Group is exposed to currency risk in the form of sales, purchases and loans in currencies other than the functional currency of each Group entity; these functional currencies are usually the euro, the British pound and the US dollar. The Group is principally exposed to the US dollar, the British pound and the Japanese yen, and marginally to the Chinese renminbi.
At any given moment, the Group hedges its estimated exposure to exchange rate fluctuations with regard to sales forecast for the next 12 months. During 2015, exposure was hedged using currency forwards in US dollars and Japanese yen as well as collars on those two currencies entered into with leading national and international banks with which the Group interacts on a daily basis.
All currency forwards and collars expired less than one year after the reporting date.

Group companies are in non-Euro countries and regions such as the UK, the US, Japan, China and Hong Kong. Since the Group's functional currency is the euro, the income statements of these companies are translated into Euros at the average exchange rate for the period. At constant revenue and profits in local currencies, changes in the exchange rates concerned may have an effect on the Euro amount of revenue, costs and profit. The Euro value of assets and liabilities of consolidated companies whose accounting currency is not the Euro may vary depending on exchange rate movements. In accordance with IFRS, the effects of these changes are recognised directly in equity, under the item "Translation reserve".

The following table presents a quantitative overview of the Group's exposure to currency risk:

THOUSANDS OF EUROS	31 DECEMBER 2015						
	USD	JPY	GBP	CNY	AUD	CHF	HKD
TRADE RECEIVABLES	2,299	-	11,739	-	2,051	1,301	-
OTHER NON-CURRENT FINANCIAL ASSETS	-	-	-	-	-	-	-
TRADE PAYABLES	(19,577)	(1,087)	(37,941)	-	(527)	-	(4,608)
CASH AND CASH EQUIVALENTS	4,354	171	12,521	1,474	1,772	-	33
NET EXPOSURE IN STATEMENT OF FINANCIAL POSITION	(12,924)	(916)	(13,681)	1,474	3,296	1,301	(4,575)
HEDGE CONTRACTS	91	(350)	-	-	-	-	-
NET EXPOSURE	(12,832)	(1,266)	(13,681)	1,474	3,296	1,301	(4,575)

THOUSANDS OF EUROS	31 DECEMBER 2014							
	USD	JPY	GBP	CNY	AUD	CHF	HKD	CAD
TRADE RECIEVABLES	349	-	374	-	-	-	-	-
OTHER NON-CURRENT FINANCIAL ASSETS	-	-	-	-	-	-	-	-
TRADE PAYABLES	(2,680)	(225)	(506)	-	-	-	-	(208)
CASH AND CASH EQUIVALENTS	119	190	2,466	85	-	-	-	-
NET EXPOSURE IN STATEMENT OF FINANCIAL POSITION	(2,212)	(35)	2,334	85	-	-	-	(208)
HEDGE CONTRACTS	(13)	419	-	-	-	-	-	-
NET EXPOSURE	(2,225)	384	2,334	85	-	-	-	(208)

The currency risk has been measured using a sensitivity analysis, and the potential effects of exchange rate fluctuations on the consolidated financial statements at 31 December 2015 have been analysed.

A stronger (or weaker) euro, pound, dollar or yen against all the other countries would have had an effect on the values of the financial instruments expressed in a foreign currency and resulted in higher (or lower) consolidated equity and profit in the amounts shown in the table below. This analysis supposes that all other variables, particularly interest rates, remain unchanged. It does take into account the forecast sales and purchases.

	PROFIT/(LOSS) FOR THE FINANCIAL YEAR		SHAREHOLDERS' EQUITY	
THOUSANDS OF EUROS	APPRECIATION	DEPRECIATION	APPRECIATION	DEPRECIATION
31 DECEMBER 2015				
USD (5% CHANGE)	552	(610)	87	96
JPY (5% CHANGE)	44	(48)	(333)	(368)
GBP (5% CHANGE)	(643)	(682)	-	-
CNY (5% CHANGE)	(70)	(78)	-	-
AUD (5% CHANGE)	(157)	173	-	-
CHF (5% CHANGE)	(62)	69	-	-
HKD (5% CHANGE)	(87)	96	-	-
CAD (5% CHANGE)	-	-	-	-
31 DECEMBER 2014				
USD (5% CHANGE)	105	(116)	-	-
JPY (5% CHANGE)	2	(2)	-	1
GBP (5% CHANGE)	(111)	123	-	-
CNY (5% CHANGE)	(4)	4	-	-
AUD (5% CHANGE)	-	-	-	-
CHF (5% CHANGE)	-	-	-	-
HKD (VARIAZIONE DEL 5%)	-	-	-	-
CAD (VARIAZIONE DEL 5%)	10	11	-	-

INTEREST RATE RISK

Interest rate risk arises when a change in interest rates adversely affects performance for the year.
Funding and credit lines available to YOOX NET-A-PORTER GROUP are indexed to the Euribor, and therefore the Group is exposed to an increase in interest rates. In 2015, the Group decided to manage interest rate risk by using interest rate swaps to hedge medium and long-term loans.

The following table presents a quantitative overview of the Group's exposure to interest rate risk:

DESCRIPTION	*BALANCE AS AT 31/12/15*	*BALANCE AS AT 31/12/14*
FINANCIAL RECEIVABLES	62,954	9,539
FINANCIAL LIABILITIES	(130,668)	(96,831)
CASH IN CURRENT ACCOUNTS	130,340	118,028
NET EXPOSURE IN THE STATEMENT OF FINANCIAL POSITION	62,626	30,736
HEDGING CONTRACTS	(542)	264
NET EXPOSURE	62,084	31,000

Interest rate risk is measured through the sensitivity analysis and the potential effects of fluctuations in interest rates on the consolidated financial statements as at 31 December 2015 were analysed. If interest rates changed by 100bp at the year-end, shareholders' equity and the profit / (loss) for the year would increase or decrease by the amounts given in the table below. The analysis was conducted assuming that other variables, especially exchange rates, remained constant.

	PROFIT/(LOSS) FOR THE FISCAL YEAR		SHAREHOLDERS' EQUITY	
VALUES IN THOUSAND EURO	100 BP INCREASE	100 BP DECREASE	100 BP INCREASE	100 BP DECREASE
31 DECEMBER 2015				
VARIABLE RATE FINANCIAL INSTRUMENTS	-	-	289	(292)
INTEREST RATE SWAP	-	-	1,620	(1,704)
CASH FLOW SENSITIVITY (NET)	-	-	1,909	(1,997)
31 DECEMBER 2014				
VARIABLE RATE FINANCIAL INSTRUMENTS	-	-	12	(13)
INTEREST RATE SWAP	-	-	78	(79)
CASH FLOW SENSITIVITY (NET)	-	-	90	(92)

The following table shows transactions outstanding as at 31 December 2015 and 31 December 2014 and the related fair values:

FINANCIAL INSTRUMENT	NATURE OF HEDGED RISK	NOTIONAL VALUE		FAIR VALUE DERIVATIVES		CURRENT FINANCIAL ASSETS		OTHER FINANCIAL PAYABLES	
		31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
HEDGING									
FORWARD SALES	EXCHANGE RATE	29,207	8,683	103	419	103	419	-	-
IRS	INTEREST RATE	73,737	23,253	(645)	(155)	-	-	(645)	(155)
TOTAL		102,944	31,936	542	264	103	419	(645)	(155)

HEDGE ACCOUNTING – CASH FLOW HEDGING

The Group performs prospective and retrospective tests of the effectiveness of the derivative financial instruments recorded, using the rules of hedge accounting.

Effectiveness is ensured if the ratio of the change in the fair value of the hedging instrument to the change in the fair value of the hedged instrument falls within the range of 80%-125%.

In 2015, the Group implemented cash flow hedges based on a highly probable plan of operation.

The financial instruments in place as at 31 December 2015 are forward contracts stated at fair value in the reserve assets, as set out in the IFRS.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The following are measured on an amortised cost basis: held-to-maturity assets, trade receivables and payables, time deposits, loans, and other liabilities and assets measured at amortised cost (such as other receivables and payables).

Pursuant to IFRS 7, the fair value of these items is re-measured by calculating the present value of the contractually expected flows of principal and interest, with reference to the yield curve for government securities at the measurement date.

Investments in repurchase agreements, mentioned previously, come under financial assets valued at amortised cost.

The carrying amount of trade payables and receivables represents a reasonable approximation of their fair value.

10. INFORMATION PURSUANT TO IAS 24 ON MANAGEMENT REMUNERATION AND ON RELATED PARTIES

Transactions with related parties, as defined under IAS 24, at 31 December 2015 and 31 December 2014 were restricted to commercial, administrative and financial services relationships with subsidiaries and other related parties. The transactions form part of normal business operations, within the usual scope of activity of each of the interested parties, and are carried out under normal market conditions.

Below is a non-exhaustive list of definitions of the related parties of an entity (the "Entity") as indicated in IAS 24:

a) entities that directly or indirectly:

    (i) control the Entity, or
    (ii) are controlled by the Entity, or
    (iii) are subject to joint control with the Entity, or
    (iv) have significant influence over the Entity, or
    (v) have joint control over the Entity.

b) entities related to the Entity according to the definition set out in IAS 28 – *Investments in Associates*;

c) joint ventures in which the Entity has a shareholding;

d) managers with strategic responsibility for the Entity or its parent company, including the directors and statutory auditors of the Entity;

e) the close family members of any physical persons included in points a) to d) above;

f) entities controlled or jointly controlled by one of the persons described in points d) or e) above, or that are under the significant influence of these persons; i.e. entities in which the persons described in d) and e) hold, either directly or indirectly, a significant share of the voting rights;

g) pension funds for employees of the Entity or any other entity related to it.

10.1 INTRA-GROUP TRANSACTIONS

In order to provide more information on the extent of relationships within the Group, the following tables present transactions taking place between Group companies and cancelled out in the consolidated financial statements as at 31 December 2015 and 31 December 2014.

The main relationships between the Group companies are chiefly commercial in nature and can be summarised as follows:

1. supply of products to the subsidiaries intended for sale on the US, Japanese, Asia Pacific and Chinese online stores;
2. maintenance, support and update services for the subsidiaries' websites;
3. administrative, financial and legal services provided for the subsidiaries;
4. customer service support services provided for the subsidiaries;
5. consulting and support services in the area of fashion, marketing, advertising and professional training provided for the subsidiaries.

The relationships between the Group companies and related parties are not considered to be atypical or unusual, and form part of the Group's ordinary business operations. The transactions were carried out under normal market (i.e. arm's-length) conditions.
The following tables show the relationships in terms of receivables and payables between the Group companies at 31 December 2015 and 31 December 2014. Receivables from and payables to subsidiaries are expressed in USD, JPY, CNY, HKD and GBP and translated into Euro at the year-end exchange rate. Revenue and costs are expressed in USD, JPY, CNY, HKD and GBP and translated to EUR at the average exchange rate for the year in question.

31 December 2015

	TRADE RECEIVABLES	FINANCIAL RECEIVABLES	TRADE PAYABLES	FINANCIAL LIABILITIES	REVENUE	COSTS
YNAP GROUP S.P.A.	36,293	1,990	105	2,754	147,670	154
YOOX CORPORATION	81	-	14,385	-	113	93,186
YOOX JAPAN	17	767	7,835	-	22	29,639
MISHANG TRADING (SHANGHAI)	-	-	9,581	1,991	7	7,269
YOOX ASIA LTD	5	1,988	4,490	-	12	17,576
LARGENTA LIMITED (UK)	-	-	-	-	-	-
THE NET-A-PORTER GROUP LIMITED (UK)	15,171	88,387	56,738	-	8,962	54
NET-A-PORTER INTERNATIONAL LIMITED (UK)	-	12	-	3,858	-	59
THE NET-A-PORTER GROUP LLC (USA)	56,726	595	-	81,892	20	5,826
THE NET-A-PORTER GAP (HK)	-	-	15,151	2,649	49	3,642
THE NET-A-PORTER GROUP CHINA (PRC)	-	-	-	595	550	-
TOTAL SUBSIDIARIES	108,285	93,739	108,285	93,739	157,405	157,405

YOOX
NET-A-PORTER
GROUP

31 December 2014

	TRADE RECEIVABLES	FINANCIAL RECEIVABLES	TRADE PAYABLES	FINANCIAL PAYABLES	REVENUES	COSTS
YNAP GROUP SPA	39,745	3,975	26	2,478	121,443	83
YOOX CORPORATION	23	-	24,347	1,240	33	82,214
YOOX JAPAN	-	692	4,815	-	18	25,121
MISHANG TRADING (SHANGHAI)	2	-	6,940	2,735	16	3,771
YOOX ASIA LTD	1	1,786	3,642	-	15	10,337
TOTALE SUBSIDIARIES	39,771	6,453	39,771	6,453	121,526	121,526

10.2 REMUNERATION OF SENIOR MANAGERS AND OTHER KEY PERSONS WITHIN THE GROUP

The senior management and key persons with strategic responsibility for management, planning and administration in the Group are, in addition to executive and non-executive directors, the Chief Financial Officer, General Manager, Chief Operating Officer and Co-General Manager.

The gross annual remuneration of the above persons, inclusive of all forms of remuneration (including gross pay, bonuses and fringe benefits), as well as bonuses accrued but not paid out that are subject to the achievement of long-term objectives, are reported in the following table together with the fees of the members of the Board of Statutory Auditors:

31 December 2015

DESCRIPTION	SHORT-TERM BENEFITS	LONG-TERM BENEFITS	STOCK OPTION PLANS AND COMPANY INCENTIVE PLANS
DIRECTORS	2,793	800	1,261
STATUTORY AUDITORS	71	-	-
MANAGERS WITH STRATEGIC RESPONSIBILITIES	1,547	58	37
TOTAL	4,411	858	1,298

31 December 2014

DESCRIPTION	SHORT-TERM BENEFITS	LONG-TERM BENEFITS	STOCK OPTION PLANS AND COMPANY INCENTIVE PLANS
DIRECTORS	1,539	-	1,009
STATUTORY AUDITORS	76	-	-
MANAGERS WITH STRATEGIC RESPONSIBILITIES	776	44	121
TOTAL	2,391	44	1,130

Finally, no close family members of any of the natural persons indicated above are related parties of the Issuer and/or the companies of the Group, as defined in IAS 24.

10.3 TRANSACTIONS WITH OTHER RELATED PARTIES

The following tables list the main financial and commercial relationships between the companies of the Group and related parties other than Group companies, as at 31 December 2015 and 31 December 2014, excluding intra-Group relationships, which are described above. Commercial transactions with these entities are carried out under normal market conditions, and all transactions are carried out in the interests of the Group.

31 December 2015

DESCRIPTION	TRADE RECEIVABLES	FINANCIAL RECEIVABLES	TRADE PAYABLES	FINANCIAL PAYABLES	REVENUES	COSTS
STUDIO LEGALE ASSOCIATO D'URSO GATTI E BIANCHI	-	-	25	-	-	3,913
BIZMATICA SISTEMI S.P.A.	-	-	190	-	-	297
JC ACCOUNTING KK (EX KK TPI)	-	-	15	-	-	79
NAGAMINE ACCOUNTING	-	-	4	-	-	21
TARTER KRINSKY E DROGIN LLP	-	-	59	-	-	477
RICHEMONT INTERNATIONAL SA	-	-	-	-	-	73
RICHEMONT NORTH AMERICA INC	-	-	1,735	-	1,018	1,236
PITER MILLAR INC	-	-	-	-	9	-
AZZEDINE ALAIA SAS	-	-	444	-	456	487
ALFRED DUNHILL LIMITED	90	-	97	-	259	40
CHOE' INTERNATIONAL SAS	-	-	1,576	-	1,349	1,632
MONTBLANC NORTH AMERICA LLC	79	-	-	-	40	85
MONTBLANC SIMPLO GMBH	-	-	107	-	93	38
E_LITE	72	240	9,216	-	16,271	-
TOTAL RELATED PARTIES	**241**	**240**	**13,468**	**-**	**19,495**	**8,378**

31 December 2014

DESCRIPTION	TRADE RECEIVABLES	FINANCIAL RECEIVABLES	TRADE PAYABLES	FINANCIAL PAYABLES	REVENUES	COSTS
STUDIO LEGALE ASSOCIATO D'URSO GATTI E BIANCHI	-	-	28	-	-	488
TARTER KRINSKY E DROGIN LLP	-	-	85	-	-	236
BIZMATICA SISTEMI SPA	-	-	119	-	-	276
NAGAMINE ACCOUNTING OFFICE	-	-	1	-	-	15
E_LITE	72	42	4,473	-	12,207	-
TOTAL RELATED PARTIES	**72**	**42**	**4,706**	**-**	**12,207**	**1,015**

The above entities are regarded as related parties of the Group for the following reasons:

- Studio Legale D'Urso Gatti e Associati: a partner in the law firm is a director of the Parent;
- Tarter Krinsky and Drogin LLP: a partner in the law firm is a member of the Board of Directors of one of the Group's companies (YOOX Corporation);
- KK TPI and Nagamine Accounting Office: the owner of both consultancy firms is a member of the Board of Directors of a Group company (YOOX Japan);

- Bizmatica Sistemi S.p.A.: the chairman of the company is the son of a member of the Board of Directors of a Group company (YOOX S.p.A.);

- E_lite: it is a 49%-owned subsidiary.

- Richemont International SA as a company belonging to the Richemont Group.

- Alfred Dunhill Limited, Chloè International S.A.S., Azzedine Alaia S.A.S., Montblanc North America LLC, Montblanc Simplo Gmbh, Peter Millar Inc., Richemont North America Inc. as suppliers of brand goods belonging to the Richemont Group.

None of the transactions that took place with related parties in 2015 and 2014 was significant (except as mentioned above), atypical and/or unusual.

11. OTHER INFORMATION

COMMITMENTS AND GUARANTEES

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14
THIRD-PARTY ASSETS HELD BY THE GROUP	157,480	136,069
SURETIES GIVEN TO OTHERS	7,418	2,468
COMMITMENTS UNDER HEDGING CONTRACTS (NOMINAL VALUE)	102,944	31,936

The warehouses of the companies hold goods worth EUR 157,480 thousand received on a sale-or-return basis from YNAP's partners. The decrease compared with the previous fiscal year was due exclusively to the increase in sales in the last quarter of the mono-brand online stores that store goods at our warehouses.

The *sureties*, all given by the Parent Company, relate to the following contracts:

- the contract agreed by the Parent Company with SINV, with effect from 12 May 2015, for a period of nine months, which may be renewed at the end of the contract, for the rental of office premises in Milan. The surety amounts to EUR 356,526.50 and will expire on 2 February 2016;

- the contract agreed by the Company with Oslavia, with effect from 19 September 2014 for a period of six years, for the rental of office premises in Via Lombardini, Milan. The surety amounts to EUR 20,934.15 and expires on 31 July 2016;

- the contract concluded by the Company following the repayment of the Global Collect guarantee deposit of EUR 1,200,000, after UniCredit issued a bank guarantee for the same amount, expiring on 30 June 2016;

- the contract agreed with Logistica Bentivoglio S.r.l. with effect from 28 December 2010 and expiring on 31 December 2017 to guarantee compliance with obligations under the rental agreement for the warehouse at the Bentivoglio Blocco 9.5 Interporto for EUR 564,052;

- the contract agreed by the Company with Despina S.p.A. to guarantee compliance with obligations under a rental contract with effect from 12 February 2015, relating to office premises at Via Nannetti 1 in Zola Predosa. The amount of the surety is EUR 400,000 expiring on 1 February 2016;

- the contract agreed with SBLC Callison LLC with effect from 8 January 2013, expiring on 15 June 2016, to guarantee the correct fulfilment of the obligations undertaken through the rental agreement for the New York offices for USD 227,753 equal to EUR 209,197 as at 31 December 2015;

- the contract agreed with Geodis Logistic S.p.A. with effect from 13 February 2013 and expiring on 30 January 2019 to guarantee compliance with obligations under the rental agreement for the warehouse and offices at the Interporto for EUR 103,621;

- the contract agreed with Generali Italia Immobiliare, with effect from 25 July 2013 and expiring on 13 September 2019, for the rental of office space in Casalecchio di Reno in via del Lavoro. The amount of the surety is EUR 31,140.

- Guarantee line with HSBC on the company warehouses of The Net-A-Porter Group Asia Pacific Ltd group for EUR 2,488 thousand, starting September 2015 and expiring in September 2021.

- Bank guarantee with HSBC from The Net-A-Porter Group Limited on overdraft of EUR 2,044 thousand.

The hedging contracts relate to:

- forward sales set up by the Parent to cover the currency risk connected to intra-Group sales in US dollars and Japanese yen. The nominal amount of these commitments, translated to Euro at the exchange rate in effect at the reporting date, is EUR 29,207 thousand;

- interest rate swaps signed by the Parent to hedge the interest rate risk related to the medium/long-term loan agreed for financing the new techno-logistics platform. The nominal amount of commitments at the reporting date is EUR 73,737 thousand.

12. SUBSEQUENT EVENTS

Following the merger and subsequent increase of the Group’s business structure, YOOX NET-A-PORTER GROUP has accelerated the implementation of its strategy in order to increasingly focus on its highest potential single-brand collaborators, through a dynamic management of its portfolio geared towards profitability.

Specifically, YOOX NET-A-PORTER GROUP S.p.A. has signed two agreements, with a duration of five years, for the development and global management of the online stores Chloé and Alfred Dunhill, brands of the Richemont Group. The launch of chloe.com is expected to take place during 2016, while dunhill.com was launched on 23 February 2016.

The partnership for the management of moncler.com “Powered by YOOX NET-A-PORTER GROUP” has been renewed for a further five years until 1 January 2021, following an agreement signed between Industries S.p.A. and YOOX NET-A-PORTER GROUP S.p.A. on 1 January 2016.

Finally, six single-brand agreements will not be renewed with Pringle of Scotland Ltd, Barbara Bui S.A., TRS Evolution S.p.A., Roberto Cavalli S.p.A., EZI S.p.A. and Brunello Cucinelli S.p.A. which, in 2015, accounted for 0.6% of the Group’s pro forma net sales.

Specifically, the TRS Evolution, Barbara Bui and Brunello Cucinelli online stores will be deactivated in the first half of 2017, while that of EZI shall be deactivated in the second half of 2016 and both pringlescotland.com and robertocavalli.com shall be deactivated in the first half of 2016.

By mutual agreement with the Brands, the partnerships with Brunello Cucinelli, EZI, Roberto Cavalli and Barbara Bui shall be re-focused on the Group’s online multi-brand stores, with the aim of maximising the online business potential.

YOOX
NET-A-PORTER
GROUP

ANNEX 1

Consolidated income statement as at 31 December 2015 prepared in accordance with Consob Resolution 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006 (in thousands of Euro).

	31 DECEMBER 2015			31 DECEMBER 2014		
CONSOLIDATED INCOME STATEMENT	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
AMOUNTS IN THOUSANDS OF EURO AND PERCENTAGE WEIGHTING ON INDIVIDUAL ITEMS:						
NET REVENUES	922,659	19,495	2.1%	524,340	12,207	2.3%
COST OF GOODS SOLD	(570,893)	(3,591)	0.6%	(336,793)		
FULFILLMENT COSTS	(94,178)			(49,279)	(226)	0.5%
SALES AND MARKETING COSTS	(113,365)	(379)	0.3%	(56,569)	(297)	0.5%
GENERAL EXPENSES	(97,007)	(10,975)	11.3%	(55,959)	(4,057)	7.2%
OTHER INCOME AND EXPENSES	(4,638)			(2,486)		
NON-RECURRING EXPENSES	(19,936)					
OPERATING PROFIT	**22,643**			**23,254**		
RESULT OF EQUITY INVESTMENTS	592			(694)		
FINANCIAL INCOME	12,480			4,506	22	0.5%
FINANCIAL EXPENSES	(14,114)			(4,437)		
PROFIT BEFORE TAX	**21,601**			**22,629**		
TAXES	(4,993)			(8,827)		
CONSOLIDATED NET INCOME FOR THE YEAR	**16,608**			**13,802**		
OF WHICH:						
ATTRIBUTABLE TO OWNERS OF THE PARENT	16,608			13,802		
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-			-		

YOOX
NET-A-PORTER
GROUP

ANNEX 2

Consolidated statement of financial position as at 31 December 2015, prepared in accordance with Consob Resolution 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006 (in thousands of Euro).

	31 DECEMBER 2015			31 DECEMBER 2014		
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
AMOUNTS IN THOUSANDS OF EURO AND PERCENTAGE WEIGHTING ON INDIVIDUAL ITEMS						
NON-CURRENT ASSETS						
PROPERTY, PLANT AND EQUIPMENT	111,246			35,663		
INTANGIBLE ASSETS WITH FINITE USEFUL LIFE	66,036			35,685		
GOODWILL	1,776,445					
EQUITY INTERESTS IN ASSOCIATES	329			59		
DEFERRED TAX ASSETS	56,075			10,021		
OTHER NON-CURRENT FINANCIAL ASSETS	3,100			999		
TOTAL NON-CURRENT ASSETS	2,013,232			82,427		
CURRENT ASSETS						
INVENTORIES	531,585			222,834		
TRADE RECEIVABLES	31,292	241	0.8%	14,732	72	0.5%
OTHER CURRENT ASSETS	34,790			7,510		
CASH AND CASH EQUIVALENTS	130,340			118,028		
CURRENT FINANCIAL ASSETS	62,954	240	0.4%	9,539	42	0.5%
TOTAL CURRENT ASSETS	790,962			372,644		
TOTAL ASSETS	2,804,194			455,071		
SHAREHOLDERS' EQUITY						
SHARE CAPITAL	1,301			620		
RESERVES	1,968,222			107,315		
LOSSES CARRIED FORWARD	50,358			36,556		
CONSOLIDATED NET INCOME FOR THE YEAR	16,609			13,802		

	31 DECEMBER 2015			31 DECEMBER 2014		
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	2,036,490			158,294		
EQUITY ATTRIBUTABLE TO THIRD PARTIES						
TOTAL CONSOLIDATED EQUITY	**2,036,490**			**158,294**		
NON-CURRENT LIABILITIES						
MEDIUM/-LONG-TERM FINANCIAL LIABILITIES	101,219			66,072		
EMPLOYEE BENEFITS	154			165		
PROVISIONS FOR RISKS AND NON-CURRENT CHARGES	-			-		
DEFERRED TAX LIABILITIES	6,924			285		
OTHER MEDIUM-/LONG-TERM PAYABLES	7,926			-		
TOTAL NON-CURRENT LIABILITIES	**116,223**			**66,522**		
BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES	29,450			30,759		
PROVISIONS FOR RISKS AND CHARGES	90,188			482		
TRADE PAYABLES	353,259	13,468	3.8%	164,466	4,706	2.9%
TAX LIABILITIES	29,683			320		
OTHER PAYABLES	148,899			34,228		
TOTAL CURRENT LIABILITIES	**651,480**			**230,255**		
TOTAL CONSOLIDATED EQUITY AND LIABILITIES	**2,804,194**			**455,071**		

YOOX
NET-A-PORTER
GROUP

ANNEX 3

Consolidated statement of cash flows for the year ended 31 December 2015, prepared in accordance with Consob Resolution 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006 (in thousands of Euro).

	31 DECEMBER 2015			31 DECEMBER 2014		
CONSOLIDATED STATEMENT OF CASH FLOWS	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
AMOUNTS IN THOUSANDS OF EURO AND PERCENTAGE WEIGHTING ON INDIVIDUAL ITEMS						
CONSOLIDATED NET INCOME FOR THE YEAR	16,609			13,802		
ADJUSTMENTS FOR:						
TAXES FOR THE FISCAL YEAR	4,993			8,827		
FINANCIAL EXPENSES DURING THE FISCAL YEAR	14,114			4,437		
FINANCIAL INCOME DURING THE FISCAL YEAR	(12,480)			(4,506)		
SHARE OF EARNINGS FROM ASSOCIATES	(592)			694		
AMORTISATION AND IMPAIRMENT LOSSES FOR THE FISCAL YEAR	36,440			25,576		
FAIR VALUE MEASUREMENT OF STOCK OPTION PLANS	1,454			1,236		
UNREALISED EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES	4,367			1,805		
LOSSES/(GAINS) ON SALE OF NON-CURRENT ASSETS	85			39		
PROVISIONS FOR EMPLOYEE BENEFITS	60			25		
PROVISIONS FOR RISKS AND CHARGES	685			492		
PAYMENT OF EMPLOYEE BENEFITS	(70)			(70)		
USE OF PROVISIONS FOR RISKS AND CHARGES	(457)			(431)		
CHANGES IN INVENTORIES	(78,428)			(58,438)		
CHANGES IN TRADE RECEIVABLES	(4,331)	(169)	3.9%	(1,272)	(616)	-48.4%
CHANGES IN TRADE PAYABLES	48,438	8,772	18.9%	43,673	228	0.5%
CHANGES IN OTHER CURRENT ASSETS AND LIABILITIES	43,175			(794)		
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	74,062			35,095		
INCOME TAX PAID	(17,358)			(11,112)		
INTEREST AND OTHER FINANCIAL EXPENSES PAID	(14,114)			(4,437)		
INTEREST AND OTHER FINANCIAL INCOME RECEIVED	12,480			4,506		
CASH FROM (USED IN) OPERATING ACTIVITIES	55,071			24,052		
INVESTING ACTIVITIES						

	31 DECEMBER 2015			31 DECEMBER 2014		
CONSOLIDATED STATEMENT OF CASH FLOWS	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(21,124)			(14,560)		
ACQUISITION OF INTANGIBLE ASSETS	(39,458)			(23,865)		
ACQUISITION OF EQUITY INVESTMENTS	-			(343)		
ACQUISITION OF OTHER NON-CURRENT FINANCIAL ASSETS	(181)			(89)		
ACQUISITION OF SUBSIDIARIES NET OF CASH AND CASH EQUIVALENTS ACQUIRED	(48)					
CASH FROM (USED IN) INVESTING ACTIVITIES	**(60,811)**			**(38,857)**		
FINANCING ACTIVITIES						
NEW SHORT-TERM LIABILITIES	6,848			18,894		
REPAYMENT OF SHORT-TERM LIABILITIES	(10,901)			(7,189)		
NEW MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	49,420			43,663		
REPAYMENT OF MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	(13,214)			(1,793)		
TREASURY SHARES ACQUISITION	-			-		
INCREASE IN SHARE CAPITAL AND SHARE PREMIUM RESERVE	15,637			21,775		
INVESTMENTS IN FINANCIAL ASSETS	(29,738)			(797)		
CHANGE DUE TO DIFFERENCE BETWEEN CASH AND EQUITY EFFECT OF INCENTIVE PLANS	-			-		
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**18,052**			**74,553**		
TOTAL CASH FLOW FOR THE FISCAL YEAR	**12,312**			**59,748**		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	118,028			58,280		
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	130,340			118,028		
TOTAL CASH FLOW FOR THE FISCAL YEAR	**12,312**			**59,748**		

YOOX
NET-A-PORTER
GROUP

ANNEX 4

Summary statement of consideration paid during the fiscal year for services provided to the Group by the independent auditors and other entities belonging to the same network as the independent auditors, prepared in application of Article 149-duodecies of Issuers' Regulation no. 11971 of 13 May 1999 and subsequent amendments.

TYPE OF SERVICE	SERVICE PROVIDER	RECIPIENT	CONSIDERATION (THOUSANDS OF EURO)
AUDITING			
AUDITING	KPMG S.P.A.	PARENT	1,432
AUDITING	KPMG S.P.A.	SUBSIDIARIES	1,473
CERTIFICATION SERVICES			
CERTIFICATION SERVICES	KPMG S.P.A.	PARENT	1,651
OTHER SERVICES			
OTHER SERVICES	KPMG S.P.A. AND KPMG NETWORK	PARENT	1,987
TOTAL			6,543

The amounts shown in the table, relating to the year 2015, are those agreed by contract, including any indexing (but not including pocket expenses, any supervisory fees and VAT).

Certification services refer to the certification of the pro-forma figures and of the working capital for the purposes of presenting the Information Document, the opinion on the fairness of the issue price for YNAP S.p.A. shares, as part of the increase in share capital for the purposes of the 2015-2015 stock option plan and for certificates on consolidated financial covenants.

Other services include tax and financial due diligence activities on The Net-a-Porter Group, activities involving the analysis of YNAP Group stock assessment criteria, assessments of procedures and controls relating to The Net-a-Porter Group's internal auditing system and analysis activities for the purposes of converting to The Net-a-Porter Group IFRS.

YOOX
NET-A-PORTER
GROUP

Certification of consolidated financial statements as at 31 December 2015 pursuant to Article 81-*ter* of Consob regulation 11971 of 14 May 1999 as subsequent amended and supplemented

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015 PURSUANT TO ARTICLE 81-*TER* OF CONSOB REGULATION 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

The undersigned, Federico Marchetti, as CEO of YOOX NET-A-PORTER GROUP S.p.A. (the "**Issuer**"), and Enrico Cavatorta, as Director responsible for preparing the corporate accounting documents of the Issuer, hereby certify, also taking into account the provisions of Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- Their suitability with regard to the characteristics of the company, and;
- The effective application of the administrative and accounting procedures for the preparation of the Issuers' consolidated financial statements for 2015.

We also hereby certify that:
The Issuers' consolidated financial statements as at 31 December 2015:
- Have been prepared in compliance with the international accounting standards adopted by the European Union pursuant to (EC) regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
- Correspond to the entries in the ledgers and records;
- Are suitable for providing a truthful and accurate representation of the Issuers' income statements, statement of financial position and statement of cash flows and the collection of companies included in the consolidation.

The report on operations includes a reliable analysis of the operating performance and result as well as the situation of the issuer and the collection of companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Date ***9 March 2016***

The CEO

[Signture]
Federico Marchetti

The Director in charge of preparing the
corporate accounting documents
[Signature]
Enrico Cavatoria

YOOX
NET-A-PORTER
GROUP

YOOX
NET-A-PORTER
GROUP

Board of Statutory Auditors' Report on the Consolidated Financial Statements

KPMG S.p.A.
Revisione e organizzazione contabile
Via Andrea Costa, 160
40134 BOLOGNA BO

Telefono +39 051 4392511
Telefax +39 051 4392599
e-mail it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
YOOX NET-A-PORTER GROUP S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of YOOX NET-A-PORTER GROUP (the "group"), which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows as at and for the year ended 31 December 2015 and notes thereto.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and shareholding structure with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and shareholding structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and shareholding structure referred to above are consistent with the consolidated financial statements of YOOX NET-A-PORTER GROUP as at and for the year ended 31 December 2015.

Bologna, 11 March 2016

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

YOOX
NET-A-PORTER
GROUP

SEPARATE FINANCIAL STATEMENTS YOOX NET-A-PORTER GROUP S.p.A.

YOOX
NET-A-PORTER
GROUP

YOOX
NET-A-PORTER
GROUP

Contents

YOOX
NET-A-PORTER
GROUP

SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015 PREPARED PURSUANT TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (1)

INCOME STATEMENT FOR THE PERIOD

THOUSANDS OF EUROS	NOTES	31/12/2015	31/12/2014
NET REVENUES	6.1	517,829	435,387
COST OF GOODS SOLD	6.2	(373,367)	(314,995)
FULFILMENT COSTS	6.3	(50,990)	(39,968)
SALES AND MARKETING COSTS	6.4	(32,180)	(28,888)
GENERAL EXPENSES	6.5	(50,576)	(32,112)
OTHER INCOME AND EXPENSES	6.6	(4,087)	(2,434)
NON-RECURRING EXPENSES	6.7	(18,366)	-
OPERATING PROFIT	6.8	(11,736)	16,991
RESULT OF EQUITY INVESTMENTS	6.9	3,160	2,162
FINANCIAL INCOME	6.10	4,916	2,801
FINANCIAL EXPENSES	6.10	(10,097)	(4,318)
PROFIT BEFORE TAX		(13,757)	17,636
TAXES	6.11	2,406	(6,092)
NET INCOME FOR THE FISCAL YEAR		(11,351)	11,544
BASIC EARNINGS PER SHARE*	6.12	0.21	0.23
DILUTED EARNINGS PER SHARE*	6.12	0.21	0.22

(1) The financial statements, which were prepared in accordance with Consob Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006, are annexed to the notes to the separate financial statements at 31 December 2015.

* Earnings per share is calculated on the basis of the consolidated profit for the year.

YOOX
NET-A-PORTER
GROUP

STATEMENT OF COMPREHENSIVE INCOME

THOUSANDS OF EUROS	NOTES	31/12/2015	31/12/2014
NET INCOME FOR THE FISCAL YEAR		(11,351)	11,544
OTHER COMPONENTS OF COMPREHENSIVE INCOME, NET OF TAX EFFECTS			
PROFIT/(LOSS) FROM CASH FLOW HEDGES	6.23	(585)	26
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME WHICH WILL BE (OR COULD BE) RECLASSIFIED IN THE INCOME STATEMENT		(585)	26
NET CHANGE IN RETAINED EARNINGS AND ACTUARIAL LOSSES RELATING TO EMPLOYEE BENEFITS	6.23	9	(14)
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME WHICH WILL NOT BE RECLASSIFIED IN THE INCOME STATEMENT		9	(14)
TOTAL COMPREHENSIVE NET INCOME FOR THE FISCAL YEAR		(11,926)	11,556

YOOX
NET-A-PORTER
GROUP

STATEMENT OF FINANCIAL POSITION

THOUSANDS OF EUROS	NOTES	31/12/2015	31/12/2014
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	6.13	37,519	35,176
INTANGIBLE ASSETS WITH FINITE USEFUL LIFE	6.14	51,671	35,640
EQUITY INTERESTS IN SUBSIDIARY COMPANIES	6.15	1,856,850	6,538
INVESTMENTS IN ASSOCIATED COMPANIES	6.16	329	59
DEFERRED TAX ASSETS	6.17	10,107	1,874
OTHER NON-CURRENT FINANCIAL ASSETS	6.18	106	100
TOTAL NON-CURRENT ASSETS		1,956,582	79,387
CURRENT ASSETS			
NET INVENTORIES	6.19	229,039	181,968
TRADE RECEIVABLES	6.20	47,020	48,727
OTHER CURRENT ASSETS	6.21	11,409	9,908
CASH AND CASH EQUIVALENTS	6.22	84,680	91,001
CURRENT FINANCIAL ASSETS	6.22	14,826	3,845
TOTAL CURRENT ASSETS		386,975	335,449
TOTAL ASSETS		2,343,556	414,836
SHAREHOLDERS' EQUITY			
SHARE CAPITAL		1,301	620
RESERVES		1,963,231	106,692
LOSSES CARRIED FORWARD		36,184	24,640
NET INCOME FOR THE FISCAL YEAR		(11,351)	11,544
TOTAL SHAREHOLDERS' EQUITY	6.23	1,989,365	143,495
NON-CURRENT LIABILITIES			
MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	6.25	101,219	66,072
EMPLOYEE BENEFITS	6.26	154	165
PROVISIONS FOR RISKS AND NON-CURRENT CHARGES	6.27	-	-
DEFERRED TAX LIABILITIES	6.28	67	285
TOTAL NON-CURRENT LIABILITIES		101,440	66,522
BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES	6.25	25,970	30,759
PROVISIONS FOR RISKS AND CHARGES	6.27	343	273
TRADE PAYABLES	6.29	179,182	146,475
TAX LIABILITIES	6.30	1,064	-
OTHER PAYABLES	6.31	46,192	27,312
TOTAL CURRENT LIABILITIES		252,752	204,820
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,343,556	414,836

STATEMENT OF CHANGES IN EQUITY AT 31/12/2015 AND 31/12/2014 – NOTE 6.23

THOUSANDS OF EUROS	*SHARE CAPITAL*	*SHARE PREMIUM RESERVE AND OTHER EQUITY-RELATED RESERVES*	*LEGAL RESERVE*	*TREASURY SHARE ACQUISITION RESERVE*	*CASH FLOW HEDGE RESERVE*	*IAS 19 RESERVE*	*STOCK OPTION RESERVE*	*RETAINED EARNINGS OR LOSSES CARRIED FORWARD*	*NET INCOME*	*TOTAL*
31 DECEMBER 2013	582	64,261	193	(538)	165	(42)	19,667	15,483	9,158	108,928
SHARE CAPITAL INCREASES	38	21,738	-	-	-	-	-	-	-	21,776
INCREASES IN RESERVES FOR SHARE-BASED PAYMENTS	-	-	-	-	-	-	1,236	-	-	1,236
TOTAL COMPREHENSIVE INCOME	-	-	-	-	26	(14)	-	-	11,544	11,556
OTHER CHANGES	-	-	-	280	-	-	(280)	9,158	(9,158)	-
31 DECEMBER 2014	620	85,999	193	(257)	192	(56)	20,623	24,641	11,544	143,495
SHARE CAPITAL INCREASES	681	15,612	-	-	-	-	-	-	-	16,293
INCREASES IN RESERVES FOR SHARE-BASED PAYMENTS	-	-	-	-	-	-	1,454	-	-	1,454
LARGENTA MERGER DEFICIT	-	1,840,048	-	-	-	-	-		-	1,840,048
TOTAL COMPREHENSIVE INCOME	-	-	-	-	(585)	9	-	-	(11,351)	(11,927)
OTHER CHANGES	-	-	-	95	-	-	(95)	11,544	(11,544)	-
31 DECEMBER 2015	1,301	1,941,658	193	(162)	(393)	(47)	21,982	36,184	(11,351)	1,989,365

YOOX
NET-A-PORTER
GROUP

STATEMENT OF CASH FLOWS

THOUSANDS OF EUROS	NOTES	31/12/2015	31/12/2014
NET INCOME FOR THE FISCAL YEAR	6.33	(11,351)	11,544
ADJUSTMENTS FOR:			
TAXES FOR THE FISCAL YEAR	6.32	2,406	6,092
FINANCIAL EXPENSES DURING THE FISCAL YEAR	6.33	10,097	4,318
FINANCIAL INCOME DURING THE FISCAL YEAR	6.33	(4,916)	(2,801)
DIVISIONS REPORTED IN THE FISCAL YEAR	6.33	(2,568)	(2,856)
SHARE OF EARNINGS FROM ASSOCIATES	6.33	(592)	694
AMORTISATION AND IMPAIRMENT LOSSES FOR THE FISCAL YEAR	6.32	29,085	25,364
FAIR VALUE MEASUREMENT OF STOCK OPTION PLANS	6.33	1,454	1,236
LOSSES/(GAINS) ON SALE OF NON-CURRENT ASSETS	6.33	38	20
PROVISIONS FOR EMPLOYEE BENEFITS	6.33	60	25
PROVISIONS FOR RISKS AND CHARGES	6.33	343	273
PAYMENT OF EMPLOYEE BENEFITS	6.33	(70)	(70)
USE OF PROVISIONS FOR RISKS AND CHARGES	6.33	(273)	(269)
CHANGES IN INVENTORIES	6.34	(47,071)	(47,124)
CHANGES IN TRADE RECEIVABLES	6.34	1,707	(11,450)
CHANGES IN TRADE PAYABLES	6.34	32,707	36,684
CHANGES IN OTHER CURRENT ASSETS AND LIABILITIES	6.35	17,228	(2,644)
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		23,473	19,036
INCOME TAX PAID	6.32	(4,981)	(5,718)
INTEREST AND OTHER FINANCIAL EXPENSES PAID	6.33	(10,097)	(4,318)
INTEREST AND OTHER FINANCIAL INCOME RECEIVED	6.33	4,916	2,801
DIVIDENDS DRAWN		2,568	2,856
CASH FROM (USED IN) OPERATING ACTIVITIES		15,879	14,658
INVESTING ACTIVITIES			
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	6.36	(17,293)	(14,228)
ACQUISITION OF INTANGIBLE ASSETS	6.37	(34,809)	(23,861)
ACQUISITION OF STAKES IN SUBSIDIARIES	6.38	(9,637)	-
ACQUISITION OF STAKES IN ASSOCIATES	6.38	-	(343)
ACQUISITION OF OTHER NON-CURRENT FINANCIAL ASSETS	6.39	(6)	(36)
CASH FROM (USED IN) INVESTING ACTIVITIES		(61,745)	(38,467)
FINANCING ACTIVITIES			
NEW SHORT-TERM LIABILITIES	6.42	9,584	18,894
REPAYMENT OF SHORT-TERM LIABILITIES	6.42	(10,901)	(7,189)
NEW MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	6.41	49,420	43,663
REPAYMENT OF MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	6.41	(13,214)	(1,793)
TREASURY SHARE ACQUISITION		-	-
PAYMENT FOR SHARE CAPITAL INCREASE AND SHARE PREMIUM RESERVE	6.40	15,637	21,775
INVESTMENTS IN OTHER FINANCIAL ASSETS	6.22	(10,982)	(499)
CHANGE DUE TO DIFFERENCE BETWEEN CASH AND EQUITY EFFECT OF INCENTIVE PLANS	6.25	-	-
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		39,545	74,851
TOTAL CASH FLOW FOR THE FISCAL YEAR		(6,321)	51,042
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	6.22	91,001	39,960
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	6.22	84,680	91,001
TOTAL CASH FLOW FOR THE FISCAL YEAR		(6,321)	51,042

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

1. COMPANY STRUCTURE AND ACTIVITIES

YOOX NET-A-PORTER GROUP S.p.A. (hereinafter "the Company" or "the Parent") is the parent of the YNAP Group. It is subject to Italian law and its registered offices are in Milan, Italy. The Company is active in e-commerce and offers commercial services relating to clothing and fashion accessories, and more generally to anything that accessorises the person or the home, during free time, when relaxing or during leisure activities.

Please note that information by business line is presented at Group level in paragraph 5 of the consolidated financial statements.

2. APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

The separate financial statements at 31 December 2015 were approved by the Board of Directors on 9 March 2016. They have been audited and will be presented to the Shareholders.

3. STATEMENT OF COMPLIANCE WITH IAS/IFRS AND GENERAL CRITERIA USED TO PREPARE THE SEPARATE FINANCIAL STATEMENTS

YOOX NET-A-PORTER GROUP S.p.A. prepared the financial statements at 31 December 2015 in accordance with the IFRS issued by the International Accounting Standard Board (IASB) and endorsed by the European Union. The acronym IFRS also includes all the interpretations of International Financial Reporting Standards Committee (IFRIC), formerly the Standing Interpretations Committee (SIC). The financial statements at 31 December 2015 were also drawn up in accordance with rules adopted by CONSOB on financial statements pursuant to Article 9 of Legislative Decree 38/2005 and other CONSOB rules and regulations concerning financial statements. The financial statements at 31 December 2015 were compared with the previous financial statements for the previous year and are made up of the income statement, the statement of comprehensive income, the statement of financial position and the statement of changes in equity, as well as the notes thereto.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with CONSOB Resolution 15519 of 27 July 2006 and Communication DEM/6064293 of 28 July 2006 relating to financial statements, specific income statements, statements of financial position and statements of cash flows have been included showing significant relationships with related parties, in order to improve readability.

As indicated above, the separate financial statements at 31 December 2015 were drawn up in accordance with the IFRS endorsed by the European Union, and comprise the following:

Income statement

The income statement is classified by function, which is considered to provide more meaningful information than classification by nature since it is more consistent with the reporting system used by management when evaluating the performance of the business.

Statement of comprehensive income

The statement of comprehensive income presents, in a single statement, the components of profit (loss) for the year and income and expenses recognised directly in shareholders' equity for transactions not involving shareholders.

Statement of financial position

The statement of financial position presents current and non-current assets and current and non-current liabilities separately. For each item under assets and liabilities a description is provided in the notes of the amounts expected to be settled or recovered, within or after the 12-month period following the reporting date.

Statement of changes in shareholders' equity

The statement of changes in Shareholders' Equity reports the profit or loss for the year or the period, including each item of revenue or cost, income or expense which, as required by IAS/IFRS and their interpretations, is recognised directly in equity, and the total of these items; total comprehensive profit or loss for the year, with separate presentation of the portion pertaining to owners of the Parent and any portion pertaining to non-controlling interests; the effect on each item of equity of changes to accounting standards and corrections of errors as required by the accounting treatment set out in IAS 8; and the balance of profit or loss carried forward at the start of the year and at the date of the financial statements, together with the changes during the year.

The notes to the financial statements also present the amounts deriving from transactions with shareholders and reconciliation between the carrying amount of each share class, the share premium reserve and other reserves at the start and end of the year, showing each change separately.

Statement of cash flows

The statement of cash flows presents the cash flows from operating, investing and financing activities. Operating cash flows are presented using the indirect method, whereby profit or loss for the year or for the period is adjusted for non-monetary transactions, for all deferrals or provisions relating to previous or future operating receipts or payments and for revenue items relating to cash flows from investing or financing activity.

4. ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

BASIS OF PREPARATION

The financial statements are presented in Euro and balances in the financial statements and in the notes to the financial statements are expressed in thousands of Euro, unless specifically indicated otherwise.

The financial statements were prepared on a historical cost basis (with the exception of derivative financial instruments, which are measured at fair value) and on the assumption that the business is a going concern. Despite the difficult macroeconomic environment in which it is operating, the Company believes that there are no significant uncertainties over business continuity (as defined under IAS 1.25), particularly given the strength of the Group's financial situation.

Financial transactions are recognised according to the trade date.

The accounting policies adopted for the preparation of the separate financial statements at 31 December 2015 were applied in the same way for all periods presented for comparison.

USE OF ESTIMATES

In order to prepare the financial statements and related notes, the management is required to use estimates and assumptions which affect the carrying amount of assets and liabilities reported in the financial statements and the information regarding contingent assets and liabilities at the reporting date.

Actual results may differ from these estimates. Estimates are used to recognise allowances for credit risks, provisions for obsolete inventories, depreciation and amortisation, impairment losses on assets, employee benefits, tax and other provisions. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately recognised in the income statement.

Below is a summary of the critical measurement processes and the key assumptions used by management in applying accounting policies with regard to the future, and which could have significant effects on carrying amounts stated in the financial statements, or for which there is a risk that significant adjustments may be made to the carrying amount of assets and liabilities in the year following that under review.

Allowance for impairment

The allowance for impairment reflects a management estimate of losses on the portfolio of end customer receivables. It is estimated according to expected losses by the Company on the basis of past experience with similar receivables, current and historical overdue receivables, losses and receipts, close monitoring of the quality of receivables and economic and market forecasts. The continuation of the current economic and financial crisis, and any worsening of the situation, could lead to a further deterioration in the financial circumstances of the Parent's debtors, in addition to that taken into consideration in setting the provisions entered in the financial statements.

Provision for obsolete inventories

The provision for obsolete inventories reflects the management estimate of losses expected by the Company, calculated on the basis of experience as well as past and anticipated market performance, also in light of specific actions taken by the company. The current economic and financial crisis could lead to a further deterioration in market conditions, in addition to that taken into consideration in setting the provisions entered in the financial statements.

Recoverable amount of non-current assets

Non-current assets include equity investments, property, plant and equipment, intangible assets and other financial assets. Management periodically reviews the carrying amount of non-current assets held and used and of assets for disposal, whenever circumstances demand. This is achieved by using estimates of anticipated cash flows from the use or sale of the asset, and appropriate discount rates to calculate present value. When the carrying amount of a non-current asset has been impaired, the Company enters an impairment loss amounting to the difference between the carrying amount of the asset and its recoverable amount via use or sale, calculated with reference to the most recent business plans.

The Company has considered the following factors in its outlook, in view of the current economic and financial crisis:

- In this context, for the purposes of preparing the financial statements at 31 December 2015, and more specifically in carrying out the impairment tests for equity investments and property, plant and equipment and intangible assets, the Company has taken into consideration the forecast trends for 2016. For future years, it has formulated specific forecasts for the progress of its business in a precautionary sense, taking into account the economic-financial context and the market which is greatly changed by the current crisis. On the basis of these forecasts, there is no apparent need for significant impairments;

- In addition, if assumptions based on forecasts were to get even worse, the following should be noted: with reference to tangible assets and intangible assets with a finite useful life (essentially development costs) of the Company, they refer to recent applications/platforms, with a high technological content, which therefore makes them competitive in the current economic context. It is therefore thought highly probable that the life-cycles of these products could be prolonged, allowing the Company to achieve sufficient income flows to cover the investment made in the assets within the timeframe identified.

Defined benefit plans

The Parent provides personnel with a defined benefit plan (post-employment benefits). Management uses various statistical assumptions and evaluation factors to anticipate future events in order to calculate expenses, liabilities and assets related to this plan. These assumptions concern the discount rate, the expected return on plan assets, where they exist, rates for future salary increases and trends in medical care costs. The Company's actuarial advisors also make use of subjective factors, such as mortality and resignation rates. However, further significant changes in corporate security yields, with a consequent effect on liabilities and on unrecognised actuarial gains/losses, cannot be ruled out, bearing in mind that there may also be contextual changes to the return on plan assets, where these exist.

Realisability of deferred tax assets

The Group is subject to taxation in many countries and some estimates are required to calculate tax in each jurisdiction. The Group recognises deferred tax assets up to the value at which it believes recovery to be probable in future years and on a time line that is compatible with the implicit time horizon used in management estimates.

Contingent liabilities

The Company is involved in legal disputes regarding a wide range of issues. Given the uncertainties inherent in these issues, it is hard to make definite predictions about disbursements relating to the disputes. The disputes with and litigation against the Company often derive from complex and difficult legal issues that are subject to a different level of uncertainty, including the individual facts and circumstances of each case, the jurisdiction and the various laws in force. In the normal course of business, management consults its own legal advisors and legal and tax experts. The Company recognises a liability for such disputes when it believes it likely that a financial disbursement will be required, and when the amount of the losses involved can be reasonably estimated. In the event that a financial disbursement becomes likely but the amount involved cannot be determined, this is reported in the notes to the financial statements.

TREATMENT OF FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions

Monetary items denominated in foreign currencies at the reporting date are reconverted into the functional currency using the spot exchange rate on that date. Exchange rate gains or losses on monetary items consist in the difference between the amortised cost of the functional currency at the start of the year, adjusted to reflect actual interest and payments made during the year, and the amortised cost of the foreign currency, translated at the spot exchange rate on the reporting date. Exchange rate differences arising from translation are recorded in the income statement.

The following table shows the exchange rates used at 31 December 2015 and at 31 December 2014 for the translation of items in the income statement and statement of financial position denominated in foreign currencies (source: www.bancaditalia.it).

	EXCHANGE RATE AT 31/12/2015	AVERAGE EXCHANGE RATE FOR 2015
USD	1.0887	1.1095
YEN	131.07	134.31
CNY	7.0608	6.9733
HKD	8.4376	8.6014
GBP	0.7340	0.7259
RUB	80.674	68.072
AUD	1.4897	1.4777
CAD	1.5116	1.4186
KRW	1,280.8	1,256.5

	EXCHANGE RATE AT 31/12/2014	AVERAGE EXCHANGE RATE FOR 2014
USD	1.2141	1.3285
YEN	145.23	140.31
CNY	7.5358	8.1857
HKD	9.4170	10.302
GBP	0.7789	0.8061
RUB	72.337	50.952
AUD	1.4829	1.4719
CAD	1.4063	1,4661
KRW	1,324.8	1,398.1

The foreign currencies are reported against Euro units.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company does not hold any derivative financial instruments for speculative purposes. However, in cases where derivative financial instruments do not satisfy all the necessary conditions set out for hedge accounting under IAS 39, changes in the fair value of these instruments are booked in the income statement as financial income and/or expenses.

Derivative financial instruments are booked according to the rules of hedge accounting when:

- at the start of the hedge, the hedging relationship is formally designated and documented;
- it is presumed that the hedge is highly effective;
- effectiveness can be measured reliably and the hedge remains highly effective throughout the designation period.

The Company uses derivative financial instruments to hedge its exposure to currency risks.

Derivatives are initially measured at fair value. The associated transaction costs are entered in the income statement when they are incurred. After initial recognition, derivatives are measured at fair value. Any changes are recognised as described below.

Cash flow hedging

Changes in the fair value of a derivative hedging instrument designated as a cash flow hedge are posted directly to shareholders' equity to the extent that the hedge is effective. For the ineffective portion, changes in fair value are reported in the income statement.

As indicated above, hedge accounting ceases prospectively if the instrument designated as a hedge:

- no longer satisfies the criteria required for hedge accounting;
- expires;
- is sold;
- is closed out or exercised.

Accumulated profits or losses are retained in shareholders' equity until the prospective transaction takes place. If the hedged item is a non-financial asset, the amount entered under shareholders' equity is transferred to the carrying amount of the asset when it is determined. In other cases, the amount entered under shareholders' equity is transferred to the income statement in the same year in which the hedged item affects the income statement.

Property, plant and equipment

Valuation and measurement

Property, plant and equipment are measured at acquisition cost, including direct ancillary costs and net of accumulated depreciation and impairment losses.

Any financial expenses incurred in the acquisition or construction of capitalised assets that normally require a fixed period of time to be prepared for use or sale are capitalised and amortised over the life of the assets in question. All other financial expenses are entered in the income statement for the year in which they are incurred.

If an item of property, plant and equipment is made up of various components with differing useful lives, these components are booked separately (if they are significant components).

Any gain or loss generated by the sale of property, plant and equipment is calculated as the difference between the net proceeds from the sale and the residual net value of the asset, and is entered in the income statement under "Other income" or "Other expenses".

Subsequent costs

Costs incurred after the acquisition of the assets and the cost of replacing some parts of the assets in this category are added to the carrying amount of the item to which they relate and are only capitalised if there is an increase in the future economic benefits intrinsic to the asset. All other costs are posted to the income statement as they are incurred.

When the cost of replacing parts of the assets is capitalised, the residual value of the replaced parts is posted to the income statement. Extraordinary maintenance expenses that extend the useful life of items of property, plant and equipment are capitalised and depreciated on the basis of the remaining useful life of the assets. Ordinary maintenance costs are posted to the income statement in the financial year in which they are incurred.

Assets under construction are entered at cost under "Assets under construction" until they are available for use. As soon as they are available for use, the cost is classified under the appropriate item and becomes subject to depreciation.

Assets under finance lease

Property, plant and equipment held under finance leases, for which the Parent has substantially assumed all risks and rewards of ownership, are recognised at the start date of the lease as assets at their fair value, or, if lower, at the current value of the lease payments, depreciated according to estimated useful life and adjusted for any impairment losses calculated as described below. The amount payable to the lessor is entered in the financial statements under financial payables.

Depreciation

Items of property, plant and equipment are depreciated in the income statement on a straight-line basis over their useful life.

The financial and technical useful lives of these items are assessed as follows:

Equipment	15%
General plant	15%
Specialist plant	30%
Electronic office equipment	20%
Furniture and furnishings	15%

The depreciation methods, the useful lives and residual values are verified at the reference date of the financial statements and have not been modified in relation to the previous financial year.

Intangible assets

Development costs

Expenses for research-related activities, which are carried out with a view to obtaining new scientific or technical knowledge and discoveries, are recognised in the income statement at the time they are incurred.

Development expenses are incurred on the basis of a plan or project to create new or substantially improved products or processes. Development expenses are only capitalised if the criteria set out under IAS 38 – Intangible Assets are met, namely:

- the technical feasibility of the product can be demonstrated;
- the ability to use or sell the intangible asset can be demonstrated;
- the Company intends to complete the development project;
- the costs incurred for the project can reliably be calculated;
- the amounts entered can be recovered through anticipated future economic benefits resulting from the development project;
- adequate technical, financial and other resources are available.

Capitalised expenses include costs for services provided by third parties and the directly attributable personnel expense. Financial expenses incurred in developing capitalised assets that normally require a fixed period of time to be prepared for use or sale are capitalised and amortised over the life of the asset class in question. All other financial expenses are entered in the income statement for the year in which they are incurred. Other development expenses are entered in the income statement at the time they are incurred.

Capitalised development expenses are booked at cost, net of accumulated amortisation and impairment losses.

Development projects in progress are entered at cost under "Intangible assets under development" until the project is completed. When the project is completed, the cost is entered under the relevant item and is subject to amortisation.

Other intangible assets with finite useful life

Other intangible assets acquired by the Parent with a finite useful life are stated at cost, net of accumulated amortisation and impairment losses.

Subsequent expenses

Subsequent expenses are capitalised only when they increase the anticipated future economic benefits attributable to the asset to which they refer. All other subsequent expenses are entered in the income statement in the fiscal year in which they are incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the intangible assets, beginning when the asset is available for use. The financial and technical lives of these items are assessed as follows:

Development costs	33%
Software and licences	33%
Brands and other rights	10%
Other intangible assets	33%

The useful lives and the residual values are verified at the reference date of the financial statements and have not been changed in relation to the previous financial year.

Stakes in subsidiaries and associated companies

In the Parent's financial statements, stakes in subsidiaries (not classified as held for sale) are recognised at cost, adjusted for any impairment losses, and translated into Euro at historical exchange rates if referring to stakes in foreign companies whose reporting currency is not the euro.
Positive differences between the price and the corresponding portions of shareholders' equity arising upon acquisition of the investments are maintained in the carrying amount of the stakes themselves. The purchase or sale values of stakes, business units or company assets under joint control are recognised in continuity with the historical values of recognition at cost without recognising gains or losses.
If there are indications that the value of the stakes may have decreased, they are tested for impairment and written down if required. For the impairment loss to be charged to the income statement, there must be objective evidence that events have taken place which impacted the estimated future cash flows of the stakes. Any losses exceeding the carrying amount of the stakes, which may arise as a result of legal or implicit obligations to cover the losses of investee companies, are recognised under provisions for risks and charges.
The original value is restored in subsequent years if the reasons for the write-down are eliminated.

The associated dividends are recognised under financial income from equity interests at the moment the right to obtain them is determined, generally coinciding with the shareholder resolution.

In the financial statements of the Parent, stakes in associated companies are measured at fair value in compliance with IAS 39, and any change in fair value is recognised in the statement of profit (loss) in the fiscal year in which it takes place.

Other non-current financial assets

This category includes guarantee deposits that are expected to be settled in more than 12 months.

The initial measurement of non-current financial assets is based on fair value at the trade date (i.e., the acquisition cost), net of transaction costs directly attributable to the acquisition.

After initial recognition, financial instruments held to maturity are measured at amortised cost, using the effective interest method.

The effective interest rate is the rate that exactly discounts future cash flows, estimated over the anticipated life of the financial instrument, to the net carrying amount.

At each reporting date, it is determined whether there is objective evidence that any of the non-current financial assets have undergone an impairment loss.

If there is objective evidence of an impairment loss, the amount of that loss is measured as the difference between the carrying amount of the investment held to maturity and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset.

The amount of the loss is recognised immediately in the income statement.

If in a subsequent fiscal year the amount of the impairment loss decreases and that decrease is linked to an event subsequent to the recognition of the impairment loss, the loss is reversed and the relative write-back is recognised in the income statement.

Current financial assets

Current financial assets and securities held to maturity are accounted for on the basis of the settlement date and, for their first-time recognition in the financial statements, they are measured at acquisition cost, inclusive of accessory transaction costs.
Subsequent to initial recognition, financial instruments available for sale and held for trading are measured at fair value. If the market price is not available, the fair value of the financial instruments available for sale is measured using the most appropriate evaluation techniques, such as, for example the analysis of discounted cash flows, made using the market information available at the date of the financial statements.
The profits and losses for financial assets available for sale are measured directly under “Other total profits (losses)” until the time the financial asset is sold or impaired; at the time the asset is sold, the profits or accumulated losses, including those previously recorded under “Other total profits (losses)” are included in the income statement for the period; at the time the asset is impaired, the accumulated losses are included in the income statement. The profits and losses created by variations in the fair value of financial instruments classified as held for trading are recorded in the income statement for the period.
Bonds held with the intention of keeping them in the portfolio until maturity and all financial assets for which listings are not available in an active market and whose fair value cannot be determined in a reliable way, are valued, if they have a fixed term, at the amortised cost, using the effective interest method. When the financial assets do not have a fixed term, they are valued at the purchase cost. Loans with a term of more than a year, which are non-interest bearing or which mature with interest lower than market rates are discounted using the market rates.
Assessments are carried out regularly to verify whether there is objective evidence that a financial asset or a group of assets may be impaired. If this objective evidence is identified, the impairment loss is recognised as a cost in the income statement for the period.

Inventories

Inventories are measured at the lower of acquisition and/or production cost and the net realisable value on the basis of market trends, taking into account the relative accessory sales costs. The cost of inventories, determined in accordance with the average cost method by product category, includes acquisition costs and the costs incurred to bring inventories to their current location and conditions.
In order to adequately represent the value of inventories in the financial statements and to consider impairment losses deriving from obsolete material and low turnover, a provision for obsolescence has been recognised, as a direct deduction of the value of the inventories.

Trade receivables and other receivables

Trade and other receivables, generally maturing in less than one year, are recognised at the fair value of the initial consideration increased by transaction costs. They are subsequently measured at amortised cost, adjusted to reflect any losses due to impairment, determined as the difference between the carrying amount and the value of estimated future cash flows. If the impairment loss decreases in a subsequent fiscal year, the previously recognised loss is partially or fully reversed and the value of the receivable is restored to a value that does not exceed the amortised cost that would have been recognised if there had been no loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and postal accounts and equivalents that may be liquidated in an extremely brief period of time (three months), which are recognised at nominal value and the spot exchange rate at year-end, if in foreign currency, corresponding to the fair value.

Asset impairment losses and reversals

At each reporting date, the Company tests the carrying amounts of equity investments and tangible and intangible assets for impairment if there is any indication that the value of such assets may have decreased. If this indication is identified, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. Intangible assets not yet available for use are tested for impairment every year, or more frequently each time there is an indication that the asset may have undergone an impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

If this test brings to light any impairment in the assets recognised or in a cash generating unit (CGU), the recoverable amount is estimated and the part of the carrying amount exceeding the recoverable amount is allocated to the income statement. The impairment loss of a CGU is first allocated to goodwill, if any, and subsequently recognised as a reduction in the value of other assets.

The recoverable amount of an asset or a CGU is determined by discounting cash flow projections relating to the asset or the CGU. The discounting rate used is the cost of capital based on the specific risks of the asset or the CGU. The recoverable amount of investments in securities held to maturity and receivables recognised at amortised cost corresponds to the present value of future cash flows, discounted on the basis of the effective interest rate calculated at initial recognition. The recoverable amount of other assets is the higher of the sale price and the value in use, determined by discounting the estimated future cash flows based on a rate that reflects market valuations.

Any impairment losses of receivables measured at amortised cost are reversed if a subsequent increase in the recoverable amount may be objectively determined.

When a loss on assets other than goodwill is subsequently eliminated or reduced, the carrying amount of the asset or the CGU is increased up to the new estimate of the recoverable amount, although it may not exceed the value that would have been determined if no impairment had been recognised. The write-back of a loss is recognised immediately in the income statement.

Share capital and other shareholders' equity items

The share capital consists of the outstanding ordinary shares of the Parent.

Any costs for the issue of new shares or stock options are classified in Shareholders' Equity (net of the associated tax benefit) as a deduction in income deriving from the issue of such instruments.

As set forth in IAS 32, if instruments representing equity are repurchased, such instruments (treasury shares) are deducted directly from shareholders' equity and recognised in the item Other reserves. No profit or loss is recognised in the income statement at the time of the acquisition, sale or cancellation of treasury shares.

The consideration paid or received, including any other cost incurred that is directly attributable to the capital transaction, net of any associated tax benefit, is recognised as a change in shareholders' equity.

Any dividends recognised to shareholders are recognised as liabilities in the period in which they are decided upon.

Financial liabilities

Financial liabilities are initially recognised at fair value net of accessory costs and, subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The difference between the amortised cost and the repayment value is allocated to the income statement in relation to the duration of the liability based on interest accrued. When hedge accounting is applicable, financial liabilities hedged by derivatives are measured consistently with the hedging instrument.

Employee benefits

The post-employment benefits of the Italian company are considered to be a defined-benefit plan under IAS 19. The benefits guaranteed to employees, in the form of post-employment benefits disbursed at the time of termination of employment, are recognised at the expected future value of the benefits that employees will receive and which have accrued during the fiscal year and in previous years. The benefits are discounted and the liability is recognised net of the fair value of any assets used for pension plans. These net obligations are determined separately for each plan on the basis of actuarial assumptions and they are measured at least once per year with the support of an independent actuary using the projected unit credit method.

As of 1 January 2013, it is no longer an option to defer the recognition of actuarial gains and losses using the corridor method, which means that the entire fund deficit or surplus needs to be recognised in the statement of financial position, and the cost components linked to the work provided and net financial expenses should be recognised separately in the income statement, while actuarial gains and losses deriving from the re-measurement of the liabilities and assets each fiscal year are recognised in Other comprehensive income/(loss).

Transactions with share-based payments

YOOX NET-A-PORTER GROUP S.p.A. awards additional benefits to some directors, managers, office workers, consultants and other employees through stock option plans and the Company incentive plan. On the basis of what is established in IFRS 2 - Share-based payment - they are classified as the “equity settlement” type; therefore, the total amount of the present value of the Stock Options and the Company incentive plan at the grant date is recognised as a cost in the income statement. Changes in present value subsequent to the grant date have no effect on the initial measurement. The cost for remuneration, corresponding to the present value of stock options at the grant date, is recognised under personnel costs on a straight-line basis during the period between the grant date and the vesting date, with a matching entry recognised in shareholders’ equity.

Provisions for risks and charges

Provisions for risks and charges are recognised for expenses for Company obligations, of a legal or implicit nature (contractual or of any other nature), deriving from a past event. Provisions for risks and charges are recognised if it is likely that the use of resources will be necessary to meet the obligation and if it is possible to reliably estimate the obligation. An implicit obligation is defined as an obligation that arises when the Company has notified other parties, via established practices, public company strategies or a sufficiently explicit announcement, that it will accept the obligation, in such a way that the third party expects the Company to honour the obligation. If it is estimated that these obligations will arise in more than twelve months and the relative effects are significant, they are discounted at a rate which takes into account the cost of money and the specific risk of the liability recognised. Any change in the estimate of provisions is reflected in the income statement in the period in which it takes place. If discounting is applied, the increase in the provision due to the passing of time and any effect deriving from changes in the discounting rate is recognised as a financial expense.

Trade payables and other payables

Trade and other payables, due within normal commercial terms, typically less than one year, are recognised at the fair value of the initial consideration increased by transaction costs. After initial recognition, they are measured at amortised cost, with any differences recognised in the income statement over the duration of the liability in compliance with the effective interest method. Trade and other payables generally have a duration of less than one year, and therefore are not discounted.

Revenue and income

Sales

Revenues from sales are measured at the fair value of the consideration received or due, taking into account the value of any returns, allowances, trade discounts and quantity-related premiums. Revenues are recognised when the significant risks and benefits associated with asset ownership are transferred to the purchaser, when the consideration is likely to be recovered, the relative costs or any return of goods may be estimated reliably and if the Management stops exercising the continuous level of activity usually associated with the ownership of the good sold.

Risks and benefits are typically transferred at the time of shipment to the customer, i.e., the moment the goods are handed over to the courier.

Services

Revenues from the provision of services are recognised in the income statement based on service progress at the reporting date. Progress is evaluated based on measurements of the work carried out.

Commissions

When the Company acts as a trade intermediary and not as the buyer within a transaction, the revenues recognised correspond to the net amount of the Company's commission.

Dividends

Dividends receivable are recognised as income in the income statement at the date of approval by the shareholders' meeting of the distributing company. On the other hand, dividends payable are recognised as changes in shareholders' equity in the fiscal year in which they are approved by the shareholders' meeting.

Cost of goods sold

The cost of goods sold is the total cost incurred by the Group to sell all goods with which it recognises sales revenue, net of changes in inventories of finished products. Therefore, the cost of goods sold includes costs to purchase goods plus direct and indirect, internal and external accessory costs, including transport costs and import and export duties. Costs incurred for transport relating to sales are included in the cost of goods sold as they are directly correlated with sales revenue. Costs for the purchase of goods for resale are measured at the fair value of the consideration paid or agreed upon. In general, the amount of costs to purchase goods for resale therefore consists of cash or cash equivalents paid or to be paid in the future, within normal collection terms. On this basis, costs for the purchase of goods for resale are recognised based on prices for the acquisition of the goods reported on the invoice, net of premiums, discounts and allowances.

Costs for the purchase of goods for resale are adjusted if applicable to take into account any decisions to apply discounts additional to those agreed upon in the contract and any payment terms exceeding 12 months, so as to amount to the supplier's granting of financing to the Company. In this last case, the present value of costs for the purchase of goods is represented by the future cash flow capitalised at a market interest rate. Likewise, when additional discounts are applied for early cash payments with respect to the payment terms agreed upon in the contract or on the invoice, the present value of costs for the purchase of goods is recognised gross of that additional discount, which is reported under interest income.

The change in inventories of goods shows the difference between opening inventories (or closing inventories from the previous period) and closing inventories for the reference accounting period.

In addition, the cost of goods sold also includes costs correlated with revenues from providing assistance for the construction/maintenance of online stores, invoiced to the strategic partners of the online stores in the mono-brand business line.

Fulfilment costs

This refers to costs incurred for:

- digital production, cataloguing and quality control: this item includes costs incurred for the "cataloguing" of goods acquired, or for labelling, classifying and storing them in the warehouse. These include costs of employed personnel, insurance, consulting services and the acquisition of consumables. It also includes part of the costs for the depreciation of assets involved in the process, the cost for renting vehicles and other expenses that may be directly allocated to the departments involved in the process;

- logistics: this item includes internal goods handling and packaging costs, or costs for logistics management at the warehouse and the relative consulting services, as well as the depreciation and amortisation of tangible and intangible assets, and the cost incurred for the remuneration of employees working directly in that area;

- customer services: these costs include all expenses for the management of customer care, i.e., the costs of the call centre and telephone and emailing services made available to customers, costs for personnel, and the depreciation and amortisation of the relative tangible and intangible assets.

Sales and marketing costs and general and administrative expenses

Expenses relating to the items specified are measured at the fair value of the considerations paid or agreed upon.

In general, the amount of these costs consists of cash or cash equivalents to be paid in the future, within normal collection terms. On this basis, the costs are recognised based on the prices for the services reported on the invoice, net of premiums and discounts.

These costs are adjusted if there are any discounts additional to those agreed upon in the contract and any payment terms exceeding 12 months, so as to amount to the supplier's granting of financing to the Company.

In this last case, the present value of costs for services is represented by the future cash flow capitalised at a market interest rate.

When additional discounts are applied for early cash payments with respect to the collection terms agreed upon in the contract or on the invoice, the present value of costs for services is recognised gross of that additional discount, which is reported under interest income.

The cost is recognised on an accrual basis, i.e., based on the stage of completion of the service provided at the reporting date.

The costs that the Company believes will result in cash outflows during the year, but the amount of which it is unable to precisely quantify, are allocated to the income statement based on reasonable estimates.

Rent and operating leases

Rent and operating leases are recognised in the income statement on an accrual basis, or when the economic benefits of the assets rented or leased are recognised. If the economic benefits are lower than inevitable minimum expenses, categorised as contracts for consideration, the costs are recognised immediately in the income statement to an extent equal to the difference between expenses and discounted benefits.

Non-recurring expenses

Non-recurring expenses are associated with extraordinary transactions, which include primarily expenses for legal, tax, accounting, financial and strategic consulting services, as well as other general expenses connected with the relative transactions.

Result of equity investments

Income and expenses from associates include the effects resulting from the evaluation using the shareholders' equity method and capital gains and losses from the sale of investments in associates: the item also includes write-downs linked to the impairment of financial assets and any write-backs on equity investments, provisions for risks on equity investments and dividend income.

Financial income and expenses

Financial income includes interest income on invested liquidity and profits on hedging instruments recognised in the income statement. Interest income is recognised in the income statement on an accrual basis using the effective interest method. Financial expense includes interest expenses on loans and losses on hedging instruments recognised in the income statement. Costs relating to loans are recognised in the income statement using the effective interest method.

Income taxes

The tax burden for the fiscal year includes current and deferred taxes. Income taxes are recognised in the income statement, with the exception of those relating to any transactions recognised directly in shareholders' equity, which are recognised in shareholders' equity as well.

Current taxes represent the estimated amount of income taxes due, calculated on taxable income for the fiscal year, determined by applying the tax rates in force or substantially in force at the reporting date and any adjustments to the amount relating to previous fiscal years.

Deferred taxes are recognised in accordance with the equity method, by calculating temporary differences between the carrying amounts of assets and liabilities recognised in the financial statements and the corresponding values recognised for tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to be applicable in the fiscal year in which the asset or liability to which they refer will be realised or settled, respectively, on the basis of the tax rates established by measures in force or substantially in force at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets with current tax liabilities and if the deferred tax assets and liabilities relate to income taxes applied by the same tax authority on the same taxpayer or different taxpayers which intend to settle current tax assets and liabilities on a net basis, or realise the assets and settle the liabilities simultaneously.

Deferred tax assets are recognised to the extent to which it is likely that future taxable income will be available against which such assets may be used. The value of deferred tax assets is revised at each reporting date and is reduced to the extent to which it is no longer likely that the relative tax benefit may be realised.

Additional income taxes resulting from any distribution of dividends are accounted for when the liability for payment of the dividend is recognised.

Earnings per share

Basic earnings per share is calculated based on the ratio between the profit pertaining to the Parent and the weighted average of the number of ordinary shares outstanding during the reference period, with the exclusion of any treasury shares held in the portfolio. Diluted earnings per share is calculated by adjusting the weighted average of the number of ordinary shares outstanding assuming the conversion into ordinary shares of all stock options granted with a dilutive effect. The Parent has a category of potential ordinary shares with a dilutive effect relating to the Stock Option plans.

5. CHANGES TO ACCOUNTING STANDARDS, NEW ACCOUNTING STANDARDS, CHANGES TO ESTIMATES AND RECLASSIFICATIONS

New accounting standards and amendments effective as of 1 January 2015 and adopted by the Group

On 12 December 2012, the IASB issued a set of amendments to IAS/IFRS ("Annual improvements - 2011-2013 cycle"). These improvements amended: (i) IFRS 3, clarifying that IFRS 3 is not applicable to recognise the accounting effects relating to the formation of a joint venture or joint operation (as defined by IFRS 11) in the financial statements of the joint venture or joint operation; (ii) IFRS 13, clarifying that the provision set forth in IFRS 13 based on which it is possible to measure the fair value of a group of financial assets and liabilities on a net basis applies to all contracts (including non-financial contracts) subject to IAS 39 or IFRS 9; (iii) IAS 40, clarifying that to establish when the acquisition of investment property constitutes a business combination, it is necessary to refer to the provisions of IFRS 3.

New accounting standards and amendments effective as of 1 January 2015 that are not relevant for the Group

IFRIC 21 Levies - On 20 May 2013, published the interpretation in question. IFRIC 21 clarifies that an entity should not recognise a tax liability before the event triggering payment takes place, in accordance with the applicable law. For payments due only when a certain minimum threshold is surpassed, the liability is recognised only when such threshold is reached.

New accounting principles and amendments not yet applicable and not adopted in advance by the Group

The new accounting standards or amendments applicable for fiscal years beginning after 1 January 2015 and which may be applied early are specified below. The Group has decided not to adopt them early for the preparation of these consolidated financial statements.

IFRS 9 Financial Instruments

Published in July 2014, IFRS 9 replaces IAS 39 Financial instruments: recognition and measurement. IFRS 9 introduces new provisions for the classification and measurement of financial instruments, a new model for expected losses for the calculation of impairment losses on financial assets and new general provisions for hedge accounting transactions. In addition, it includes provisions for the recognition and derecognition of financial instruments in line with the current IAS 39. IFRS 9 applies for fiscal years beginning on or after 1 January 2018. Early adoption is permitted.

IFRS 15 Revenue from contracts with customers

IFRS 15 introduces a general comprehensive framework to establish whether, when and to what extent revenue will be recognised. This standard replaces the recognition criteria set forth in IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer loyalty programmes. IFRS 15 applies for fiscal years beginning on or after 1 January 2018. Early adoption is permitted.

IFRS 16 Leases

Issued in January 2016, IFRS 16 introduced new principles for the recognition, measurement, presentation and disclosure of leases for both contractual counterparties. IFRS 16 applies as of financial years that begin on or after 1 January 2019. The company can choose to apply IFRS 16 before that date if IFRS 15 Revenue from Contracts with Customers is applied. IFRS 16 replace the previous standard IAS 17 Leases, and related interpretations.

Amendments to IFRS 11 Joint arrangements

The amendments to IFRS 11 require a joint operator that accounts for the acquisition of an equity interest in a joint arrangement, the assets of which represent a business, to apply the relevant principles of IFRS 3 regarding accounting for business combinations. The amendments also clarify that, if joint control is not maintained, the interest previously held in a joint arrangement is not subject to re-measurement at the time of acquisition of an additional equity interest in the same joint arrangement. In addition, an exclusion from the scope of IFRS 11 was added to clarify that the amendments do not apply

when the partners sharing control, including the entity preparing the financial statements, are subject to joint control by the same ultimate parent company.
The amendments apply to the acquisition of the initial share in a joint arrangement as well as the acquisition of any additional share in the same joint arrangement. The amendments must be applied prospectively for fiscal years that begin on or after 1 January 2016. Early application is permitted. The application of these amendments is not expected to have any impact on the Group.

Amendments to IAS 1: Presentation of financial statements

On 18 December 2015, the European Union issued regulation 2015/2406, which adopts amendments that aim to improve the effectiveness of disclosures and encourage companies to apply professional judgement in determining what information to disclose in their financial statements when applying IAS 1. The amendments apply for fiscal years beginning on or after 1 January 2016.

Amendments to IFRS 10 and IAS 28: sales or contributions of assets between an investor and its associate/joint venture

On 11 September 2014, the IASB published these amendments, which aim to eliminate the conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction that involves an associate or joint venture, the extent to which it is possible to recognise a profit or loss depends on whether the asset subject to the sale or contribution is a business. In December 2015, the IASB published an amendment that defers the entry into force of these amendments indefinitely.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle set forth in IAS 16 and in IAS 38 that revenue reflects a model of economic benefits generated from the management of a business (of which the asset is part) rather than the economic benefits consumed with the use of the asset. As a result, a revenue-based method cannot be used for the depreciation of property, plant and equipment and may be used only in very limited circumstances for the amortisation of intangible assets. The amendments must be applied prospectively for fiscal years that begin on or after 1 January 2016. Early application is permitted. The application of these amendments is not expected to have any impact on the Group, as the Group does not use revenue-based methods for the depreciation or amortisation of its non-current assets.

Amendment to IAS 27 - Separate financial statements

On 12 August 2014, the IASB published an amendment to this standard that will permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the separate financial statements. The amendment applies as of 1 January 2016.

IFRS Annual Improvements - 2012-2014 cycle

On 15 December 2015, the European Union issued regulation 2015/2343, adopting the IFRS annual improvements - 2012-2014 cycle, which were issued by the IASB on 25 September 2014 and make a series of amendments to IAS/IFRS. The objective of the annual improvements is to address non-urgent, but necessary, issues discussed by the IASB during the project cycle on areas of inconsistency in international financial reporting standards (IFRS) and international accounting standards (IAS) or where clarification of wording is required. The standards concerned by the amendments include IFRS 5, for which a clarification was introduced for cases in which the method for disposing of an asset is amended by reclassifying it from held for sale to held for distribution; IFRS 7, into which a clarification was introduced to establish whether and when there is continuing involvement in a transferred financial asset, if there is a servicing contract relating to that asset, so as to determine the degree of disclosure required; IAS 19, in which it is clarified that the currency of bonds used as a reference to estimate the discount rate must be the same as that in which the benefits are to be paid; and IAS 34, in which the meaning of "some other statement" in cross-referencing is clarified.

Amendment to IFRS 10, IFRS 12 and IAS 28 - Investment entities: applying the consolidation exception

On 18 December 2014, the IASB published these amendments, which regard issues deriving from the application of the consolidation exception established for investment entities. The amendment applies for fiscal years starting on or after 1 January 2016. Early application is permitted.

6. NOTES TO THE STATEMENT OF FINANCIAL POSITION, INCOME STATEMENT AND STATEMENT OF CASH FLOWS

INCOME STATEMENT

6.1 NET REVENUES

The Parent's net revenue from sales and the provision of services for 2015 and 2014 breaks down as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
NET REVENUES FROM SALES	497,176	414,136	83,040
NET REVENUES FROM THE PROVISION OF SERVICES	20,653	21,251	(598)
TOTAL	517,829	435,387	82,442

Net revenues from sales increased by 20.1% from EUR 414,136 thousand at 31 December 2014 to EUR 497,176 thousand at 31 December 2015. Net revenues from sales include all revenues for the sale of goods, expressed net of discounts provided to customers and returns.

The significant rise in net revenues from sales of goods in 2015 is mainly due to the upward trend in sales volumes, linked to the increase in the number of orders.

Revenues from sales are recognised net of returns on sales, amounting to EUR 137,613 thousand in 2015, or 26.4% of gross revenues in 2015 (revenues from sales before returns from customers in 2015) and EUR 115,708 thousand in 2014, equal to 26.2% of gross revenues in 2014 (revenues from sales before customer returns in 2014). Returns are an inherent part of the Group's business activities, as a result of the protection afforded to consumers under distance-selling – and specifically e-commerce – regulations in force in the countries where the Group operates.

Revenues from the provision of services rose from EUR 21,251 thousand in 2014 to EUR 20,653 thousand in 2015, down 2.8%, and included primarily:

- the recharging of transport services for sales to the end customer (in certain countries the customer also pays for return shipments), net of refunds made if the customer returns the goods sold;
- revenues from the set-up fees charged to create the online stores and fees charged to Strategic Partners in the Mono-brand business line for assistance in maintaining the online stores;
- revenues generated from the sale of media partnership projects and web marketing services.

6.2 COST OF GOODS SOLD

The cost of goods sold amounts to EUR 373,367 thousand (72.1% of net revenues) for the period ending 31 December 2015 compared with EUR 314,995 thousand (72.3% of net revenues for fiscal year 2014), an increase of EUR 58,340 thousand. The cost of goods sold includes costs deriving from the acquisition of goods for resale as well as costs for services and other costs.

The following table shows a breakdown of the cost of goods sold by nature:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
CHANGE IN INVENTORIES OF GOODS	46,468	44,791	1,677
PURCHASE OF GOODS	(375,954)	(322,659)	(53,295)
COST OF SERVICES	(39,061)	(33,262)	(5,799)
OTHER COSTS	(4,819)	(3,865)	(954)
TOTAL	(373,367)	(314,995)	(58,372)

Costs for the purchase of goods rose from EUR 322,659 thousand in 2014 to EUR 375,954 thousand in 2015, an increase of 16.5%. Costs for the purchase of goods include procurement costs for goods for resale, the absolute value of which is directly correlated with sales volume trends.

The cost of services was up by 17.4%, from EUR 33,262 thousand in 2014 to EUR 39,061 thousand in 2015. A portion of the transportation costs is invoiced directly to the end customer and recognised as revenue from the provision of services, net of refunds on customer returns.

Other costs increased by 24.7%, from EUR 3,865 thousand in 2014 to EUR 4,819 thousand in 2015. These costs mainly comprise transportation costs for purchases, and the internal personnel costs and external supplier costs incurred to set-up and maintain the websites of Mono-brand Strategic Partners.

6.3 FULFILMENT COSTS

Fulfilment costs totalled EUR 50,990 thousand (9.8% of net revenues in 2015), compared with EUR 39,968 thousand (9.2% of net revenues in 2014), up EUR 11,022 thousand.

This cost comprises operational expenses incurred from digital production, cataloguing and quality control, from warehouse logistics, and from the department that provides direct services to customers, referred to as customer services.

The following table shows the breakdown of fulfilment costs:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
SERVICE COSTS AND OTHER COSTS	(38,457)	(27,256)	(11,201)
PERSONNEL EXPENSES	(5,618)	(5,776)	158
DEPRECIATION AND AMORTISATION	(6,915)	(6,935)	20
TOTAL	(50,990)	(39,968)	(11,022)

Service costs and other costs rose from EUR 27,256 thousand in 2014 to EUR 38,457 thousand in 2015, growth of 41.1%. They mainly comprise service costs for handling and packaging goods and costs relating to outsourced production processes.

Personnel expenses decreased by 2.7%, from EUR 5,776 thousand in 2014 to EUR 5,618 thousand in 2015, as a result of the increase from 149 at 31 December 2014 to 160 at 31 December 2015 in the number of employees working in that department. The cost of stock option plans and the company incentive plan granted declined from EUR 97 thousand in 2014 to EUR 9 thousand in 2015. Personnel expenses include the cost of employees as well as costs equivalent to personnel expenses relating to interns, contractors and consultants.

YOOX
NET-A-PORTER
GROUP

6.4 SALES AND MARKETING COSTS

Sales and marketing costs amounted to EUR 32,180 thousand (6.2% of revenues) for the period ending at 31 December 2015, compared with EUR 28,888 thousand (6.2% of revenues) for the period ending at 31 December 2014, up EUR 3,292 thousand.

These expenses relate to departments operating in sales. A portion of the costs are for personnel working in sales and marketing. The item also contains web marketing costs, costs for charges on credit card transactions and other methods of payment made to intermediaries for payment collection services, as well as expenses relating to customs duties on purchases relating to the import and export of goods sold.

The following table shows the breakdown of sales and marketing costs:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
SERVICE COSTS AND OTHER COSTS	(18,047)	(17,298)	(749)
PERSONNEL EXPENSES	(14,129)	(11,584)	(2,545)
DEPRECIATION AND AMORTISATION	(3)	(6)	3
TOTAL	(32,180)	(28,888)	(3,292)

Service costs and other costs rose from EUR 17,298 thousand in 2014 to EUR 18,047 thousand in 2015, a growth of 4.3%. The main components of the services costs incurred in fiscal year 2015 refer to:

- web marketing costs of EUR 11,364 thousand (EUR 7,298 thousand in 2014). These costs relate to the purchasing of online advertising, the negotiation and implementation of marketing agreements and the development of new partnerships and the commercial and technical management of existing partnerships, mainly for the Multi-brand business line;

- expenses for credit card transactions of EUR 4,539 thousand (EUR 3,930 thousand in 2014);

- Costs for fraud relating to e-commerce activities of EUR 991 thousand (EUR 625 thousand in 2014).

Personnel expenses increased from EUR 11,584 thousand in 2014 to EUR 14,129 thousand in 2015, up 22.0% as a result of the increase from 247 at 31 December 2014 to 283 at 31 December 2015 in the number of employees working in that department. The cost of Stock Option plans and the company incentive plan granted rose from EUR 4 thousand in 2014 to EUR 78 thousand in 2015. Personnel expenses include the cost of employees as well as costs equivalent to personnel expenses relating to interns, contractors and consultants.

6.5 GENERAL EXPENSES

General expenses include all the overhead costs of the Parent’s various offices pertaining to personnel management, administration, finance and control, communications and image, general management, general services and technological services.

The cost for general expenses amounted to EUR 50,576 thousand in fiscal year 2015 compared with EUR 32,112 thousand in 2014, an increase of EUR 18,465 thousand.

General expenses can be broken down as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
COST OF SERVICES	(14,636)	(291)	(14,345)
PERSONNEL EXPENSES	(13,773)	(13,398)	(375)
DEPRECIATION AND AMORTISATION	(22,167)	(18,422)	(3,744)
TOTAL	(50,576)	(32,112)	(18,465)

The cost of services grew by EUR 14,345 thousand from EUR 291 thousand in 2014 to EUR 14,636 thousand in 2015. For the purposes of a better account representation, the company reclassified, during 2015, under the item "Distribution costs", the portion of the revenue related to the use of the brand billed to subsidiaries which, in the previous year, had been written off by the costs for services in the "General expenses" item.

Personnel expenses were up 2.8% from EUR 13,398 thousand in 2014 to EUR 13,773 thousand, as a result of the decrease in the cost of stock option plans and the company incentive plan granted, from EUR 1,134 thousand in 2014 to EUR 1,368 thousand in 2015.
The number of employees working in those departments rose from 408 at 31 December 2014 to 482 at 31 December 2015.
Personnel expenses include the cost of employees as well as costs equivalent to personnel expenses relating to interns, contractors and consultants.

Depreciation and amortisation rose from EUR 18,422 thousand in 2014 to EUR 22,167 thousand in 2015, an increase of 20.3%.

6.6 OTHER INCOME AND EXPENSES

The balance of other income and expenses was a negative EUR 4,087 thousand for the fiscal year ending on 31 December 2015, compared with EUR 2,432 thousand in expenses in fiscal year 2014, growth of EUR 1,654 thousand.

Other income and expenses can be broken down as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
EXTRAORDINARY INCOME/LIABILITIES	(2,159)	(1,057)	(1,102)
THEFT AND LOSSES	(921)	(821)	(100)
OTHER TAX LIABILITIES	(198)	(288)	90
OTHER INCOME AND EXPENSES	(641)	(217)	(423)
PROVISIONS FOR SUNDRY RISKS	(153)	(102)	(51)
REIMBURSEMENTS	(16)	52	(68)
TOTAL	(4,087)	(2,432)	(1,654)

Extraordinary items had a negative balance of EUR 2,159 thousand (negative EUR 1,057 thousand at 31 December 2014). The item includes income and expenses derived from routine management activities.

Theft and losses relates to the theft and losses of goods destined for final customers that have already occurred at year-end close, net of the relative insurance coverage.

Other tax liabilities decreased from EUR 288 thousand in fiscal year 2014 to EUR 198 thousand in fiscal year 2015, down 31.2%.

Provisions for sundry risks in 2015 relate to the estimated charge incurred due to theft and loss of goods not identified as missing at the reporting date.

6.7 NON-RECURRING EXPENSES

DESCRIPTION	BALANCE AS AT 31.12.15	BALANCE AS AT 31.12.14	CHANGE
NON-RECURRING EXPENSES	(18,366)	-	(18,366)

Non-recurring expenses amounting to EUR 18,366 thousand as at 31 December 2015 were generated by the merger with THE NET-A-PORTER GROUP Limited and include primarily expenses for legal, tax, accounting, financial and strategic consulting services, as well as other general expenses associated with the transaction.

6.8 OPERATING PROFIT

As required by IAS 1, the following is a breakdown of costs by nature used to determine the operating margin.

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
NET REVENUES	517,829	435,387	82,442
CHANGE IN INVENTORIES OF GOODS	46,468	44,791	1,677
PURCHASE OF GOODS	(375,954)	(322,659)	(53,295)
SERVICES	(110,202)	(78,108)	(32,094)
PERSONNEL EXPENSES	(33,520)	(30,758)	(2,762)
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(29,085)	(25,364)	(3,721)
OTHER COSTS AND REVENUES	(8,906)	(6,298)	(2,608)
NON-RECURRING EXPENSES	(18,366)		(18,366)
OPERATING PROFIT	(11,736)	16,991	(28,727)

Operating profit was down from EUR 16,991 thousand in fiscal year 2014 to EUR -11,736 thousand in 2015, which amounted to -2.3% over net revenues in 2015 compared with 3.9% in 2014.

Personnel expenses include all employment related expenses, such as merit pay rises, promotions, cost-of-living adjustments, variable remuneration for 2015, unused leave and accruals to legal reserves required under collective agreement, as well as related social security contributions and the contributions to the post-employment benefits for Parent employees. These costs also include the fair value of Stock Options and the company incentive plan for employees, between the allocation and vesting dates, with a direct matching entry in equity and payables to staff.

The headcount amounted to 925 resources at 31 December 2015 (804 at 31 December 2014). The breakdown of the headcount is as follows at year end[38]:

DESCRIPTION	31/12/2015	31/12/2014
MANAGERS	33	31
JUNIOR MANAGERS	70	66
OFFICE WORKERS	822	707
TOTAL	925	804

As can be seen above, at the end of 2015 the headcount increased by roughly 15% compared with the previous year.

6.9 RESULT OF EQUITY INVESTMENTS

The result of equity investments at 31 December 2015 was EUR 3,160 thousand, and may be attributed to the combined effect of the measurement of the equity investment in an associate for EUR 592 thousand (EUR 270 thousand for the adjustment of the fair value of the investment to equity and EUR 322 thousand for the release of losses assessed on a consolidated basis of the E_lite group in previous years - paragraph 6.16) and to dividends paid by the subsidiary YOOX Asia Limited for EUR 2,568 thousand.

6.10 FINANCIAL INCOME AND EXPENSES

Financial income rose from EUR 2,801 thousand in fiscal year 2014 to EUR 4,916 thousand in 2015.

The following table shows the breakdown of financial income:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
EXCHANGE RATE GAINS	4,027	2,336	1,691
INTEREST INCOME	670	459	211
OTHER FINANCIAL INCOME	218	6	212
TOTAL	4,916	2,801	2,115

Exchange rate gains were up from EUR 2,336 thousand in 2014 to EUR 4,027 thousand in 2015 and are primarily linked to the translation of items in US dollars and Japanese yen. They are strictly linked to the ordinary sale and purchase of goods.

Interest income increased from EUR 459 thousand in 2014 to EUR 670 thousand in 2015.

Financial expenses rose from EUR 4,318 thousand in fiscal year 2014 to EUR 10,097 thousand in 2015.

[38] The headcount does not include the Chief Executive Officer of YOOX S.p.A., interns or contractors who are not employees of the Parent.

The following table shows the breakdown of financial expenses:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
EXCHANGE RATE LOSSES	(6,034)	(2,438)	(3,596)
INTEREST EXPENSES	(1,925)	(1,278)	(647)
OTHER FINANCIAL EXPENSES	(2,137)	(601)	(1,536)
TOTAL	(10,097)	(4,318)	(5,779)

Realised and unrealised exchange rate losses totalled EUR 2,438 thousand in 2014 and EUR 6,034 thousand in 2015. They mainly relate to the translation of items in US dollars and Japanese yen and are closely connected to the ordinary sale and purchase of goods.

Interest expenses rose from EUR 1,278 thousand in fiscal year 2014 to EUR 1,925 thousand in 2015, an increase of 50.6%.

Other financial expenses rose from EUR 601 thousand in fiscal year 2014 to EUR 2,137 thousand in 2015. These expenses refer to the issue by banks of sureties in favour of third parties in the interest of the Group. This item also includes premiums paid for exchange rate risk hedging agreements, as well as the recognition of their fair value.

6.11 TAXES

Income tax for the year can be broken down as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
CURRENT CORPORATE INCOME TAX (IRES) (1)	(5,806)	(3,295)	(2,511)
CURRENT REGIONAL INCOME TAX (IRAP) (2)	(21)	(1,405)	1,384
DEFERRED TAXES	8,233	(1,392)	9,625
TOTAL	2,406	(6,092)	8,498

(1) IRES: Imposta sul Reddito delle Società (Corporate or Company Tax)
(2) IRAP: Imposta Regionale sulle Attività Produttive (Regional Tax on Production Activities)

The Parent has incurred a greater tax burden in absolute terms compared with the situation at 31 December 2015. Current taxes have increased from EUR 4,700 thousand to EUR 5,827 thousand.

The Parent also recognised deferred tax assets totalling EUR 10,107 thousand and deferred tax liabilities of EUR 67 thousand. Deferred tax assets of EUR 1,857 thousand and deferred tax liabilities of EUR 285 thousand that were recognised in 2014 were also reversed.

The following table shows the reconciliation between theoretical taxes calculated at the tax rate in effect in Italy and the taxes recognised in the separate financial statements.

(THOUSANDS OF EUROS)	31 DECEMBER 2015	31 DECEMBER 2014
PROFIT BEFORE TAX	(13,757)	17,636
RATE	27.50%	27.50%
THEORETICAL TAX	(3,783)	4,850
EFFECTIVE TAX	2,406	6,092
DIFFERENCE	6,189	1,242
IRAP	21	1,405
PERMANENT TAXES	(2,065)	(1,555)
USE OF TAX LOSSES CARRIED FORWARD	-	-
DEFERRED TAXES	8,233	1,392
TOTAL DIFFERENCE	6,189	1,242

6.12 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share are calculated on the basis of the Parent's performance given in Note 8.12 of the consolidated financial statements, which should be referred to.

STATEMENT OF FINANCIAL POSITION

6.13 PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2015, property, plant and equipment totalled EUR 37,519 thousand. The following is a summary of changes therein in 2015:

DESCRIPTION	HISTORICAL COST	INCREASES	DECREASES	HISTORICAL COST	ACC. DEPRECIATION	DEPRECIATION	UTILISATION	ACC. DEPRECIATION	NET CARRYING AMOUNT	NET CARRYING AMOUNT
	AS AT 31/12/2014			AS AT 31/12/2015	AS AT 31/12/2014			AS AT 31/12/2015	AS AT 31/12/2014	AS AT 31/12/2015
PLANT AND EQUIPMENT	38,447	7,771	(76)	46,142	(15,758)	(5,466)	76	(21,148)	22,689	24,993
BUILDINGS	8,157	657	-	8,814	(4,858)	(1,390)	-	(6,248)	3,299	2,565
LEASEHOLD IMPROVEMENTS	8,157	657	-	8,814	(4,858)	(1,390)	-	(6,248)	3,299	2,565
INDUSTRIAL AND COMMERCIAL EQUIPMENT	3,658	418	(64)	4,011	(1,847)	(514)	51	(2,311)	1,811	1,702
OTHER ASSETS	15,037	3,916	(236)	18,718	(7,661)	(2,926)	127	(10,459)	7,377	8,258
FURNITURE AND FURNISHINGS	1,864	251	(19)	2,096	(1,410)	(261)	19	(1,653)	454	443
ELECTRONIC EQUIPMENT	13,051	3,665	(214)	16,503	(6,132)	(2,662)	107	(8,687)	6,919	7,816
OTHER TANGIBLE ASSETS	122	-	(3)	119	(118)	(3)	1	(119)	4	-
ASSETS UNDER CONSTRUCTION AND PAYMENTS ON ACCOUNT	-	-	-	-	-	-	-	-	-	-
GENERAL TOTAL	65,299	12,761	(376)	77,685	(30,124)	(10,296)	253	(40,167)	35,176	37,519

The overall net increase in property, plant and equipment in 2015 was equal to EUR 2,343 thousand.

Investments in tangible assets are mainly linked to investments in the highly automated techno-logistical platform, a project in which the Group has been investing since the fourth quarter of 2010.
This involved the increase in the item "Plant and equipment" of EUR 7,771 thousand as well as the item "Buildings" for a sum equal to EUR 657 thousand.

The total increase in "Other Assets", amounting to EUR 8,258 thousand, is ascribable to the combined effect of the investment in new servers, PCs and monitors, also held under financial lease agreements, for an increase of EUR 3,665 thousand in asset value, and investments made in furniture as regards the remainder.

Depreciation in the period totalled EUR 10,296 thousand.

At 31 December 2015, there were no liens or encumbrances on YOOX NET-A-PORTER GROUP S.p.A. property, plant and equipment.

Moreover, no impairment losses or revaluations were carried out on items of property, plant and equipment in 2015. In the fiscal year under review, no financial expenses were ascribed to asset entries in the statement of financial position.

6.14 INTANGIBLE ASSETS WITH FINITE USEFUL LIFE

Intangible assets amounted to EUR 51,671 thousand as at 31 December 2015.

The following is a summary of changes in intangible assets with finite useful life in 2015.

DESCRIPTION	HISTORICAL COST AS AT 31/12/2014	INCREASES	DECREASES	HISTORICAL COST AS AT 31/12/2015	ACC. AMORTISATION AS AT 31/12/2014	AMORTISATION	ACC. AMORTISATION AS AT 31/12/2015	NET CARRYING AMOUNT AS AT 31/12/2014	NET CARRYING AMOUNT AS AT 31/12/2015
DEVELOPMENT COSTS	68,882	26,590	-	95,472	(35,371)	(16,081)	(51,451)	33,511	44,021
SOFTWARE AND LICENCES	8,747	8,218	-	16,965	(6,777)	(2,657)	(9,434)	1,970	7,531
BRANDS AND OTHER RIGHTS	378	-	-	378	(228)	(31)	(259)	151	119
TRADEMARKS AND PATENTS	378	-	-	378	(228)	(31)	(259)	151	119
ASSETS UNDER DEVELOPMENT	-	-	-	-	-	-	-	-	-
OTHER	1,839	-	-	1,839	(1,830)	(9)	(1,839)	9	-
OTHER INTANGIBLE ASSETS	1,839	-	-	1,839	(1,830)	(9)	(1,839)	9	-
GENERAL TOTAL	79,846	34,809	-	114,655	(44,205)	(18,777)	(62,983)	35,640	51,671

The principal changes in these items during the year are described below.

Development costs

In 2015, this item increased by EUR 10,510 thousand. The Group made significant investments in multi-year development projects, amounting to EUR 25,690 thousand. These are costs incurred by YOOX NET-A-PORTER GROUP S.p.A. for specific projects aimed at the ongoing development of innovative solutions for the creation and management of online stores. Development projects have been classified according to the area in which the various initiatives take place: platform e-commerce functional development, management development of productivity and development of service security and continuity.
These costs relate both to internal personnel costs and to the costs of services provided by third parties. In line with the strategy defined in previous years, the number of development projects outsourced to external suppliers increased significantly. Expenses for research-related activities, which are carried out with a view to obtaining new scientific or technical knowledge and discoveries, are recognised in the income statement at the time they are incurred.

Software and licences

The increase of EUR 8,218 thousand in this item includes expenditure with long-term benefits, principally relating to the acquisition of software licences to build the infrastructure of the Online Stores and the development of the new OMS (Order Management System).

Brands and other rights

At 31 December 2015, this item amounted to a total of EUR 119 thousand, a decrease of EUR 31 thousand.

It mainly comprises expenses incurred by the Company in acquiring and registering national and international trademarks.

Assets under development and payments on account

All projects under development in 2015 were completed by 31 December 2015.

The amortisation for intangible assets with an indefinite useful life stood at EUR 18,777 thousand.

6.15 INVESTMENTS IN SUBSIDIARIES

Following the merger between YOOX S.p.A. and Largenta Italia S.p.A. on 5 October 2015, at 31 December 2015 YOOX NET-A-PORTER GROUP S.p.A. had the following subsidiaries:

- YOOX Corporation, formed in 2002 to manage sales activities in North America;
- YOOX Japan, formed in 2004 to manage sales activities in Japan;
- Mishang Trading (Shanghai) Co. Ltd. established in the fourth quarter of 2010 to manage sales in China;
- YOOX Asia Limited established in the second quarter of 2011 to manage sales in the Asia-Pacific area.
- Largenta Limited, a company subject to UK law, which holds the controlling interest in THE NET-A-PORTER group.

COMPANY (FIGURES IN THOUSANDS OF EUROS)	REGISTERED OFFICES	CARRYING AMOUNT OF SUBSIDIARIES AT 31 DEC 2015	SHARE CAPITAL AT 31 DEC 2015	PERCENTAGE HELD AT 31 DEC 2015	EQUITY AT 31 DEC 2015 AND MEASUREMENT USING THE EQUITY METHOD	2015 NET INCOME
YOOX CORPORATION	100 FIFTH AVENUE, 12TH FLOOR, NEW YORK, NY, 10011	372	372	100%	19,400	4,454
YOOX JAPAN	4F OAK OMOTESANDO, 3-6-1 KITA-AOYAMA, MINATO-KU TOKYO 107-0061	75	75	100%	6,462	1,506
MISHANG TRADING (SHANGHAI) CO. LTD	FLOOR 6, DONGLONG BUILDING NO 223 XIKANG ROAD, JING'AN DISTRICT 200050 SHANGHAI	6,000	6,000	100%	1,072	(468)
YOOX ASIA LIMITED	UNIT 2702 27/F, THE CENTRIUM, 60 WYNDHAM STREET CENTRAL, HONG KONG (CN)	91	91	100%	3,401	3,156
LARGENTA LIMITED	15 HILL STREET, LONDON (UK)	1,850,312	556,496	100%	418,995	19,145
TOTAL CARRYING AMOUNT OF INVESTMENTS		**1,856,850**				

In light of the substantial correspondence between the value of the investment in Largenta Limited and the value of the assets acquired in the Net-A-Porter Group acquisition, a unitary impairment test was carried out at consolidated level to check for the recoverability of the investment recognised in the separate financial statements of Yoox Net-A-Porter S.p.A. in Largenta Limited, a UK special purpose vehicle which has full control over the Net-A-Porter Group, as well as the recoverability of the goodwill arising in the YNAP consolidated financial statements from that acquisition. As a result, it should be kept in mind that the impairment test carried out at consolidated level also provides information about potential losses in value in terms of the separate financial statements, and therefore in order to check for the maintenance of the value of the investment in Largenta Limited.

The results of such analyses did not bring to light significant impacts for the Company's financial statements.

6.16 INVESTMENTS IN ASSOCIATED COMPANIES

The non-current item as at 31 December 2015 stood at EUR 329 thousand.

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
INVESTMENTS IN ASSOCIATED COMPANIES	329	59	270
TOTAL	**329**	**59**	**270**

The portion of profit from the investment pertaining to the group in the course of the year was EUR 592 thousand. At 31 December 2015, the carrying amount was brought into line with the fair value identified as the percentage of ownership (49%) of the equity of the investee (positive EUR 270 thousand). In addition, the company decided to close the assessment of consolidated group losses allocated in previous years, for a total of EUR 322 thousand.

INVESTMENT	END OF YEAR DATE	OWNERSHIP %	INVESTMENT	INVESTMENT PROFIT/LOSS	INVESTMENT EQUITY	SHARE OF PROFIT (LOSS)
E_LITE S.P.A (ASSOCIATE)	31 DECEMBER	49%	329	1,289	672	(632)
TOTAL			**329**	**1,289**	**672**	**(632)**

The difference between the portion of profit for the year (EUR 632 thousand) and the measurement of income from the investment (EUR 592 thousand) is due to the change in equity relating to the translation reserve (EUR 39 thousand).

6.17 DEFERRED TAX ASSETS

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DEFERRED TAX ASSETS	10,107	1,874	8,233
TOTAL	**10,107**	**1,874**	**8,233**

Changes in deferred tax assets during 2015 are shown in the following table:

DESCRIPTION	BALANCE AS AT 31/12/14	INCREASES	UTILISATION	BALANCE AS AT 31/12/15
DEFERRED TAX ASSETS	1,874	10,089	(1,857)	10,107
TOTAL	**1,874**	**10,089**	**(1,857)**	**10,107**

The following table shows a breakdown of deferred tax assets as at 31 December 2015.

DESCRIPTION OF TAXABLE ITEM	BALANCE AS AT 31/12/15	2015 TAX RATE	TAX RECORDED IN 2015
TAXED ALLOWANCE FOR IMPAIRMENT	200	27.5%	55
INDEPENDENT AUDITORS' FEES	430	31.4%	135
PROVISIONS	19,138	OTHER%	5,267
UNISSUED CREDIT NOTES	808	31.4%	254
UNREALISED EXCHANGE RATE LOSSES	509	27.5%	140
UNPAID REMUNERATION OF DIRECTORS	1,505	27.5%	414
MERGER ANCILLARY COSTS	13,214	27.5%	3,634
FAIR VALUE DERIVATIVES	644	27.5%	177
OTHER ITEMS	113	27.5%	31
TOTAL	**36,561**		**10,107**

Deferred tax assets rose by over 100% from EUR 1,874 thousand as at 31 December 2014 to EUR 10,107 thousand as at 31 December 2015.

Deferred tax assets at 31 December 2015 were recognised in relation to:

- the taxed allowance for impairment;
- the provisions for obsolete inventories;
- the provisions for risks and charges (provisions for disputes, provisions for fraud and provisions for theft and loss, respectively);
- unissued and non-deductible credit notes;
- fair value of derivatives;
- unrealised exchange rate losses;
- independent auditors' fees.

6.18 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets at 31 December 2015 stood at a total of EUR 106 thousand (EUR 100 thousand at 31 December 2015):

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
GUARANTEE DEPOSITS	106	100	6
TOTAL	**106**	**100**	**6**

Guarantee deposits at 31 December 2015 relate to rental agreements and administration contracts for gas and energy services. Other non-current financial assets are due to be repaid in more than five years' time.

6.19 INVENTORIES

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
INVENTORIES	229,039	181,968	47,071
TOTAL	**229,039**	**181,968**	**47,071**

The following is a breakdown of inventories as at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
INVENTORIES OF RAW MATERIALS, CONSUMABLES AND SUPPLIES	1,577	1,100	477
TOTAL	**1,577**	**1,100**	**477**
FINISHED PRODUCTS AND GOODS	246,257	185,760	60,497
PROVISION FOR OBSOLETE FINISHED PRODUCTS AND GOODS	(18,795)	(4,891)	(13,903)
TOTAL	**227,463**	**180,869**	**46,594**
TOTAL NET INVENTORIES	**229,039**	**181,968**	**47,071**

Inventories rose by 25.9% from EUR 181,968 thousand as at 31 December 2014 to EUR 229,039 thousand as at 31 December 2015, and relate to goods that have been purchased for subsequent resale online.

The increase that can be observed is physiologically only partly connected to the growth in sales in 2015. The Parent's business model makes provision for the early procurement of the goods which may take place in the year prior to the sales season.

Goods from previous collections and/or obsolete goods are written down with a provision for obsolete inventories, calculated using the estimated realisable value of the goods. This estimate of realisable values also takes into account the expected effects of new sales policies.

The amount of the provision in 2015 for obsolete inventories and changes in the provision are shown below:

DESCRIPTION	BALANCE AS AT 31/12/14	INCREASES	DECREASES	BALANCE AS AT 31/12/15
PROVISION FOR OBSOLETE INVENTORIES	(4,891)	(13,903)	-	(18,795)
TOTAL	(4,891)	(13,903)	-	(18,795)

The reserve for obsolete inventories reflected in the financial statements has a carrying amount deemed appropriate for the actual quantities of obsolete or slow-moving goods on hand.

6.20 TRADE RECEIVABLES

The breakdown of trade receivables at 31 December 2015 and 31 December 2014 is as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DUE FROM CUSTOMERS	6,501	3,179	3,322
OTHER TRADE RECEIVABLES	4,362	5,934	(1,572)
DUE FROM FOREIGN SUBSIDIARIES	36,293	39,740	(3,448)
ALLOWANCE FOR IMPAIRMENT	(134)	(126)	(9)
TOTAL	47,020	48,727	(1,707)

The receivables due from customers are fully recoverable within 12 months and relate to trade receivables for the sale of goods to individuals.

Other trade receivables mainly relate to receivables from online stores, chiefly for the provision of services. This item includes, among other things, services which refer to set-up fees incurred by the Group in relation to Strategic Partners for the design and implementation activities the Group carries out for online stores.

The table below shows changes in the allowance for impairment in 2015:

DESCRIPTION	BALANCE AS AT 31/12/14	INCREASES	DECREASES	BALANCE AS AT 31/12/15
ALLOWANCE FOR IMPAIRMENT	(126)	(9)	-	(134)
TOTAL	(126)	(9)	-	(134)

The allowance for impairment covers specific risks relating to unpaid receivables and other receivables not considered recoverable. Provisions made during the various periods adjust the receivables to their estimated realisable value. In 2015, it was necessary to add EUR 9 thousand to the allowance for impairment.

6.21 OTHER CURRENT ASSETS

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
OTHER CURRENT ASSETS	11,409	9,908	1,501
TOTAL	11,409	9,908	1,501

The following is a breakdown of other current assets as at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
OTHER RECEIVABLES	557	505	52
ALLOWANCE FOR IMPAIRMENT – RECEIVABLES FROM OTHERS	(221)	(221)	-
ADVANCES TO SUPPLIERS	119	142	(23)
ADVANCES TO EMPLOYEES	-	8	(89)
RECEIVABLES FROM ACQUIRERS	114	12	102
PREPAYMENTS AND ACCRUED INCOME	6,700	4,169	2,532
TAX RECEIVABLES	2,370	1,536	833
FINANCIAL RECEIVABLES FROM YOOX CORPORATION	-	1,235	(1,235)
FINANCIAL RECEIVABLES FROM MISHANG TRADING CO LTD	1,770	2,521	(751)
TOTAL	11,409	9,908	1,501

"Other receivables" includes:

- mainly credit notes received from suppliers for which the latter must still refund money to the Company and from advance payments to the supplier for the purchase of goods for which the corresponding invoices have not yet been received (e.g.: payments on order, prepayments);
- EUR 216 thousand in receivables for sums paid to the Parent's tax representative in Greece and fully impaired.

The allowance for impairment – receivables from others, as previously mentioned, relates to the loan to the Greek tax representative, which is deemed unrecoverable.

Advances to employees include debt to employees for solidarity contributions, already cashed by the company in January 2016.

The item advances to suppliers shows the advances made to suppliers for services acquired in 2015 and for which the suppliers have yet to provide the service.

The item "Accrued income" mainly includes costs of future years whose financial manifestation has already taken place during 2015. It mainly involves software licence fees, insurance costs, leasing costs, accrued income for royalties paid for using brands and accrued income for professional consultations; the increase compared with 2014 is consistent with the increase in business volumes.

6.22 CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS

The breakdown of the item "Cash and cash equivalents" as at 31 December 2015 is as follows:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
BANK AND POSTAL ACCOUNTS	84,670	90,993	(6,323)
CASH AND CASH EQUIVALENTS ON HAND	11	9	2
TOTAL	84,680	91,001	(6,321)

The balance, entirely denominated in Euro except where expressly indicated, represents the cash and cash equivalents on hand at year end.

The following is a breakdown of current financial assets at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DUE FROM ACQUIRERS	3,266	3,161	105
INVESTMENTS	10,218	-	10,218
DUE FROM ASSOCIATE COMPANIES	240	42	198
PREPAYMENTS AND ACCRUALS	1,102	642	460
TOTAL	**14,826**	**3,845**	**10,981**

Current financial assets, equal to EUR 14,826 thousand, relate to receivables from acquirers, receivables from the associate E_lite, receivables from interest-bearing deposits, and the portion of financial expenses relating to subsequent periods.

6.23 EQUITY

The breakdown of changes in equity as at 31 December 2015 is presented in a separate table.

The share capital, equal to EUR 1,301,258.85 as at 31 December 2015 (EUR 619,640 as at 31 December 2014), increased during 2015 following the share capital increase as a result of the merger for a total nominal amount of EUR 655,995.97 through the issue of a total of 65,599,597 shares with no nominal value, including 20,693,964 ordinary shares and 44,905,633 shares with no voting rights (the "B Shares") and following the exercising of the Stock Options by the beneficiaries in question. Specifically, on 23 March 2015, 14 April 2015, 31 July 2015, 5 August 2015 and 11 November 2015, 59,800, 75,400, 3,900, 31,200 and 2,391,956 ordinary shares, respectively, were granted following the exercise of 1,150, 1,450, 75, 600 and 1,517,153 options relating to the 2007-2012, 2006-2008 and 2012-2015 plans, with an overall effect of EUR 26 thousand.

The reserves are composed as follows:

- the share premium reserve was EUR 1,941,658 thousand as at 31 December 2015 (EUR 85,999 thousand as at 31 December 2014); this reserve increased over 2015 (i) following the exercising of Stock Options on the part of the beneficiaries in question, for EUR 15,612 thousand (in detail, on 23 March 2015, 14 April 2015, 31 July 2015, 5 August 2015 and 11 November 2015, 59,800, 75,400, 3,900, 31,200 and 2,391,956 ordinary shares, respectively, were granted following the exercise of 1,150, 1,450, 75, 600 and 1,517,153 options relating to the 2007-2012, 2006-2008 and 2012-2015 plans), (ii) following the recognition of the share premium generated by the merger with Largenta Italia on 5 October, for EUR 1,840,048.

- the legal reserve, which totalled EUR 193 thousand as at 31 December 2015 (EUR 193 thousand as at 31 December 2014), consists of accruals of 5% of Parent Company profits every year.

- the purchase of treasury shares, with a negative balance of EUR 162 thousand, is recorded under the direct decrease in net equity in compliance with the arrangements of IAS 32.

- other reserves, equal to EUR 21,542 thousand as at 31 December 2015 (EUR 20,759 thousand as at 31 December 2014) include the fair value measurement of the stock options, equal to EUR 21,983 as at 31 December 2015 (EUR 20,623 as at 31 December 2014), the cash flow hedge reserve, equal to a negative value of EUR 393 thousand (positive by EUR 192 thousand as at 31 December 2014), and the reserve for actuarial gains and losses from the measurement of post-employment benefits, negative by EUR 47 thousand (negative by EUR 56 thousand as at 31 December 2014).

- retained earnings (losses carried forward) amount to EUR 36,184 thousand as at 31 December 2015 (EUR 26,640 thousand as at 31 December 2014), an increase of EUR 11,544 thousand due to the allocation of profit for 2014.

6.24 STOCK OPTION PLANS AND COMPANY INCENTIVE PLANS

Granting of stock options

Following approval of the share-split at the Extraordinary General Meeting of the Parent Company on 8 September 2009, beneficiaries of Stock Option Plans exercising their options will be entitled to 52 ordinary shares of the Company for every option exercised, except for the "2012-2015 Stock Option Plan" and the "2015-2025 Stock Option Plan", which provide for the ratio of one share for every option exercised.

With reference to the following Stock Option Plans and company Incentive Plans reserved for employees, associates, consultants and directors of the Company and its subsidiaries, as at 31 December 2015 the Board of Directors had granted the following options, outlined in the table below:

STOCK OPTION PLANS	*GRANTED (A)*	*EXPIRED (B)*	*EXERCISED (C)*	*TOTAL GRANTED NOT LAPSED OR NOT EXERCISED (D = A-B-C)*	*GRANTED, NOT VESTED*	*GRANTED, VESTED, NOT EXERCISABLE*	*GRANTED, VESTED AND EXERCISABLE*
2001 – 2003	80,575	31,560	49,015	0	0	0	0
2003 – 2005	36,760	3,000	32,760	1,000	0	0	1,000
2004 – 2006	32,319	12,650	19,169	500	0	0	500
2006 – 2008	31,303	200	25,190	5,913	0	0	5,913
2007 – 2012	102,600	3,650	85,389	13,561	0	0	13,561
2009 – 2014	94,448	24,599	69,849	0	0	0	0
TOTAL	**378,005**	**75,659**	**281,372**	**20,974**	**0**	**0**	**20,974**

The table below shows the exact prices for the options assigned that have not expired or been exercised.

STRIKE PRICES IN EURO	59.17	106.50	*TOTAL OPTIONS*	*TOTAL SHARES*
2003-2005	0	1,000	1,000	52,000
2004-2006	0	500	500	26,000
2006-2008	5,913	0	5,913	307,476
2007-2012	13,061	500	13,561	705,172
TOTAL	18,974	2,000	20,974	1,090,648

With reference to the "2012-2015 Stock Option Plan", approved by the Shareholders' Meeting on 29 June 2012, on 21 September 2012 the Company's Board of Directors approved the Plan Regulations and, at the proposal of the Compensation Committee, the granting to CEO Federico Marchetti of 1,500 thousand options valid for the subscription of 1,500 thousand YOOX ordinary shares (in the ratio of 1 new ordinary share for every 1 option exercised) at a subscription price for each single share of EUR 9.60, corresponding to the weighted average of the prices recorded for YOOX ordinary shares on the Mercato Telematico Azionario, the Italian screen-based trading system organised and managed by Borsa Italiana S.p.A., in the 30 (thirty) trading days prior to the option grant date.

Pursuant to a resolution of the Board of Directors passed on 25 February 2015, the intermediate vesting thresholds for the 2014 tranche of the "2012-2015 Stock Option Plan" were modified and, consequently, a total of 500 thousand options (corresponding to 500 thousand ordinary shares) became exercisable by the CEO.

The following option rights have been granted by the Board of Directors with the breakdown given in the table below:

STOCK OPTION PLAN	GRANTED (A)	EXPIRED (B)	EXERCISED (C)	TOTAL GRANTED, NOT LAPSED OR NOT EXERCISED (D = A-B-C)	GRANTED, NOT VESTED	GRANTED, VESTED, NOT EXERCISABLE	GRANTED, VESTED AND EXERCISABLE
2012 – 2015	1,500,000	0	1,500,000	0	0	0	0
TOTAL	1,500,000	0	1,500,000	0	0	0	0

The table below shows the exact prices for the options assigned that have not expired or been exercised.

STRIKE PRICE FOR THE PERIOD	€ 9.60	TOTAL OPTIONS	TOTAL SHARES
2012-2015	1,500,000	1,500,000	1,500,000
TOTAL	1,500,000	1,500,000	1,500,000

With reference to the "2015-2025 Stock Option Plan" approved by the Extraordinary General Meeting on 16 December 2015, the Company's Board of Directors approved the Plan Regulations on the same date.

At the proposal of the Compensation Committee with respect to the directors and managers with strategic responsibility, the Board of Directors approved the granting to 40 beneficiaries of 5,783,147 stock options valid for the subscription of 5,783,147 YNAP ordinary shares (in the ratio of 1 new ordinary share for every 1 option exercised) at a subscription price for each single share of EUR 32.466, in line with what is set forth in the Plan, corresponding to the arithmetic average of the official prices recorded for YNAP ordinary shares on the Mercato Telematico Azionario, the Italian screen-based trading system organised and managed by Borsa Italiana S.p.A., in the trading days between the day prior to the Option Grant Date (15 December 2015) and the day with the same date as the option grant day (16 November 2015) of the previous calendar month.

The following option rights have been granted by the Board of Directors with the breakdown given in the table below:

STOCK OPTION PLAN	GRANTED (A)	EXPIRED (B)	EXERCISED (C)	TOTAL GRANTED, NOT LAPSED OR NOT EXERCISED (D = A-B-C)	GRANTED, NOT VESTED	GRANTED, VESTED, NOT EXERCISABLE	GRANTED, VESTED AND EXERCISABLE
2015 – 2025	5,783,147	0	0	5,783,147	5,783,147	0	0
TOTAL	5,783,147	0	0	5,783,147	5,783,147	0	0

The table below shows the exact prices for the options assigned that have not expired or been exercised.

STRIKE PRICE FOR THE PERIOD	€ 32.466	TOTAL OPTIONS	TOTAL SHARES
2015-2025	5,783,147	5,783,147	5,783,147
TOTAL	5,783,147	5,783,147	5,783,147

Granting of shares

On 1 July 2010, the Board of Directors of the Parent Company approved the 2009-2014 Incentive Plan Regulations in compliance with the approval of the Shareholders' Meeting on 8 September 2009.

A treasury share purchase programme was set up for this purpose in order to comply with the decision of the Meeting on 7 October 2009 and the Board of Directors on 1 July 2010. The share purchase programme was aimed at acquiring sufficient shares for the 2009-2014 Incentive Plan for employees of the Parent Company and its subsidiaries.

On 5 May 2011, the YOOX S.p.A. Shareholders' Meeting approved the authorisation to purchase and dispose of treasury shares, pursuant to Articles 2357, 2357-*ter* of the Italian Civil Code and Article 132 of Legislative Decree 58/1998 and related implementation provisions.

Specifically and in compliance with the YOOX S.p.A. Ordinary Shareholders' Meeting resolution of 5 May 2011, the programme refers to the purchase of YOOX S.p.A. ordinary shares, with no indication of nominal value, up to a maximum amount of 250 thousand ordinary shares, for a total maximum value of EUR 3,000 thousand.

Under the scope of the treasury shares purchase programme to service the YOOX S.p.A. 2009-2014 Incentive Plan, the Company bought:

- in the period from 2 July 2010 to 7 July 2010, 62 thousand YOOX S.p.A. ordinary shares, at an average unit price of EUR 5.836485 per share after commission, for a total value of EUR 361,862.06;

- in the period from 5 August 2011 to 8 August 2011, 60 thousand YOOX S.p.A. ordinary shares, at an average unit price of EUR 9.594572 per share after commission, for a total value of EUR 575,674.30;

- on 6 September 2011, 5,000 YOOX S.p.A. ordinary shares, at an average unit price of EUR 9.5095 per share after commission, for a total value of EUR 47,547.50;

- on 4 October 2011, 27,331 YOOX S.p.A. ordinary shares, at an average unit price of EUR 9.500947 per share after commission, for a total value of EUR 259,670.39;

- on 17 November 2011, 7,669 YOOX S.p.A. ordinary shares, at an average unit price of EUR 9.276056 per share after commission, for a total value of EUR 71,138.08.

At the document date, the "YOOX S.p.A. 2009- 2014 incentive plan" should be deemed completely executed.

On 30 April 2015, the Shareholders' Meeting approved the authorisation to purchase and dispose of treasury shares, pursuant to Articles 2357, 2357-*ter* of the Italian Civil Code and Article 132 of Legislative Decree 58/1998 and related implementation provisions, following the revocation of the resolution authorising the acquisition of treasury shares approved by the Shareholders' Meeting of 17 April 2014 for the part not executed.

For more details, please see the Press Release issued on that date, which is available on the Company website, www.ynap.com, under the section "Investor Relations / Press Releases".

As at the date of this document, the Company holds 17,339 treasury shares in its portfolio, equal to 0.020% of its share capital.

Share capital increases to service stock option plans and company incentive plans

On 29 June 2012, the YOOX S.p.A. Shareholders' Meeting took place in ordinary session and, pursuant to Article 114-*bis* of Legislative Decree 58/1998, approved the establishment of an incentive and loyalty scheme known as the 2012-2015 Stock Option Plan for YOOX S.p.A. executive directors, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
In its extraordinary session, the same Shareholders' Meeting approved the divisible paid-in capital increase for a maximum amount of EUR 15 thousand, to be allocated to capital, with the exclusion of option rights pursuant to Article 2441, paragraph 4, second period of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the aforementioned "2012-2015 Stock Option Plan".
This increase was implemented in full on 11 November 2015 following the exercise of all the options granted under the scope of this Plan.

Also note that on 17 April 2014, the Ordinary Shareholders' Meeting of YOOX S.p.A. approved, pursuant to Article 114-*bis* of Legislative Decree the establishment of an incentive and loyalty scheme known as the "2014 - 2020 Stock Option Plan" exclusively for employees of YOOX S.p.A. and its companies, directly or indirectly controlled, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).

In extraordinary session, the same Shareholders' Meeting approved the capital increase through payment in cash in one or more tranches, of a maximum amount of EUR 5 thousand attributable to the capital, increased by any premium, with the exclusion of option rights pursuant to Article 2441, paragraph 8 of the Italian Civil Code, to be reserved exclusively for subscription by employees of YOOX S.p.A. and subsidiary companies as beneficiaries of the above Stock Option Plan.

After viewing and approving the Explanatory Report of the Board of Directors, the Extraordinary General Meeting of 16 December 2015, taking into account the fact that the "2014-2020 Stock Option Plan" was not executed, decided to revoke both the resolution establishing it and the consequent share capital increase to service it, which should therefore be deemed ineffective.

On 16 December 2015, the Extraordinary General Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998 the establishment of a new incentive and loyalty scheme known as the 2015 - 2025 Stock Option Plan exclusively for directors, managers and employees of YNAP and its companies, directly or indirectly controlled, to be implemented through the free granting of options valid for subscribing new issue YNAP ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
On the same day, the Shareholders' Meeting approved the divisible paid-in capital increase associated with the Plan, for a maximum nominal amount of EUR 69,061.33, pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, and therefore with the exclusion of option rights, by issuing a maximum of 6,906,133 new YNAP ordinary shares, with no indication of nominal value, with the same characteristics as those outstanding and with regular dividend rights.
The deadline for subscription to the capital increase has been set as 31 December 2025, with the provision that if the capital increase has not been fully subscribed by this deadline, the share capital shall, pursuant to Article 2439, paragraph 2 of the Italian Civil Code, be deemed to be increased by an amount equal to the subscriptions received up to that moment and with effect from that moment, provided these resolutions have been filed with the Register of Companies.

Establishment of the Stock Option Plans and company Incentive Plans and subsequent changes

On 27 April 2012 the Shareholders' Meeting, pursuant to Article 114-*bis* of Legislative Decree 58/1998, approved the establishment of an incentive and loyalty plan known as the "Stock Grant Plan" for employees of YOOX S.p.A. and companies directly or indirectly controlled by it, to be implemented through the granting, free of charge, of a total of 550 thousand YOOX S.p.A. ordinary shares, giving the Board of Directors the mandate to adopt the relevant regulations.

On 29 June 2012 the YOOX S.p.A. Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of an incentive and loyalty scheme known as the "2012-2015 Stock Option Plan" for YOOX S.p.A. executive directors, to be implemented through the free granting of options valid for subscribing new-issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
The "2012-2015 Stock Option Plan" involves granting a total of 1,500 thousand YOOX ordinary shares.

On 21 September 2012, the Company's Board of Directors approved the Plan Regulations and, at the proposal of the Compensation Committee, the allocation in favour of the CEO Federico Marchetti of 1,500 thousand options valid for the subscription of 1,500 thousand YOOX ordinary shares (in the ratio of 1 new ordinary share for every 1 option exercised).

On 17 April 2014, the Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree the establishment of an incentive and loyalty scheme known as the 2014 - 2020 Stock Option Plan exclusively for employees of YOOX S.p.A. and its companies, directly or indirectly controlled, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
The "2014-2020 Stock Option Plan" involved granting a total of 500 thousand ordinary shares.
The Extraordinary General Meeting of 16 December 2015, taking into account the fact that the "2014-2020 Stock Option Plan" was not executed, decided to revoke the resolution establishing it, which should therefore be deemed ineffective.

On 16 December 2015, the Extraordinary General Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998 the establishment of a new incentive and loyalty scheme known as the "2015 - 2025 Stock Option Plan" exclusively for directors, managers and employees of YNAP and its companies, directly or indirectly controlled, to be implemented through the free granting of options valid for subscribing new issue YNAP ordinary shares.
The Plan provides for the issue of up to 6,906,133 new YNAP ordinary shares, with no indication of nominal value, with the same characteristics as those outstanding and with regular dividend rights.
On 16 December 2015, the Board of Directors approved the Plan Regulations and, at the proposal of the Compensation Committee with regard to directors and managers with strategic responsibility, granted 5,783,147 stock options valid for the

subscription of 5,783,147 YNAP ordinary shares (in the ratio of 1 new ordinary share for every 1 option exercised) to 40 beneficiaries.

6.25 MEDIUM/LONG-TERM FINANCIAL LIABILITIES – BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

Bank loans and other financial liabilities stood at EUR 127,189 thousand, an increase of EUR 30,358 thousand compared with 31 December 2014 (EUR 96,831 thousand).

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
MEDIUM/-LONG-TERM FINANCIAL LIABILITIES	101,219	66,072	35,147
BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES	25,970	30,759	(4,789)
TOTAL	**127,189**	**96,831**	**30,358**

The following table shows the breakdown of debt as at 31 December 2015:

LENDING INSTITUTION	REMAINING AMOUNT	RATE	SHORT-TERM PORTION	MEDIUM-/LONG - TERM PORTION
BNL - BNP PARIBAS GROUP	8,500	EURIBOR + VARIOUS%	3,500	5,000
BANCA SELLA	2,917	EURIBOR + 2.3%	1,667	1,250
MEDIOCREDITO	40,000	EURIBOR + 1.1%	-	40,000
EIB	36,163	FIXED (AVG. 1.66%)	8,918	27,245
UNICREDIT	30,000	EURIBOR + 1.5%	3,330	26,670
DE LAGE LANDEN	129	FIXED	129	-
FACTOR (IFITALIA)	6,730	EURIBOR + VARIOUS%	6,730	-
FINANCIAL LEASES	2,613	FIXED	1,555	1,054
ACCRUED LIABILITIES	*137*		*137*	-
TOTAL	**127,189**		**25,970**	**101,219**

The summarised details of loan agreements and lines of credit stipulated in 2015 are given below:

UNICREDIT loan
On 20 December 2013, an unsecured loan worth EUR 30,000 thousand was signed with UniCredit S.p.A., broken down into a tranche worth EUR 10,000 thousand with a term of 72 months, available to be drawn down up to 12 months from the date of signing the loan, to be repaid half-yearly in arrears, and another tranche worth EUR 20,000 thousand, available for a term of 60 months in the form of a revolving credit line.
Before the term of 12 months from the date of signing had expired, the terms of the loan were renegotiated; the total amount was increased to EUR 60,000 thousand, broken down into a tranche worth EUR 30,000 thousand with a term of 72 months, available to be drawn down until 31 March 2015, to be repaid half-yearly in arrears, and another tranche worth EUR 30,000 thousand, available for a term of 60 months in the form of a revolving credit line. Under the new agreement, the spread was also reduced from 2.50% to 1.50% for the term loan, and to 1.80% for the revolving credit line. On 31 March 2015, the term loan was disbursed, in the full amount of EUR 30,000 thousand. On 19 June, the acquisition of a plain vanilla interest rate swap (IRS) was formalised, with the rate fixed at 0.43%. On 23 September 2015, EUR 10,000 thousand was disbursed in relation to the aforementioned revolving credit line with quarterly maturity dates.

Mediocredito loans
On 9 December 2013, an unsecured loan was signed with Mediocredito, in the form of a term loan worth EUR 23,000 thousand, disbursed upon signing and with a term of 60 months, with the first principal instalment maturing on 31 March 2015. Prior to

this maturity date, the terms of the loan were renegotiated, increasing the amount to EUR 40,000 thousand. The renegotiation also reduced the spread from 2.60% to 1.10%, and extended the original maturity date of the loan by 12 months.

COMMITMENTS OF A FINANCIAL NATURE (COVENANTS)

The Company, including for the purposes of Article 1461 of the Italian Civil Code, recognises the essential nature of complying with the financial parameters, in accordance with the consolidated financial statements in the name of YOOX NET-A-PORTER GROUP S.p.A., accepting that the "Bank" can terminate the contracts if the financial situation recorded in the consolidated financial statements does not comply with these parameters, or even with only one of them.

Below are the finance parameters for the loan agreed with Banca Nazionale del Lavoro, UniCredit and Mediocredito:

1) the ratio between the Net Financial Position and the EBITDA excluding the incentive plans should not be more than 2.5 times the total loan repayment;

2) the ratio between the Net Financial Position and the Shareholders' Equity should not be more than 1 times the total loan repayment.

The finance parameter for the loan taken out with the European Investment Bank is also provided:

1) the ratio between the Net Financial Position and the EBITDA excluding the incentive plans should not be more than 2 times the total loan repayment;

2) the ratio between the Net Financial Position and the Shareholders' Equity should not be more than 0.8 times the total loan repayment.

YOOX NET-A-PORTER GROUP S.p.A. will notify the "Banks" of the above financial parameters on a half-yearly basis, on 30 June and 31 December every year until the due date.
If even only one of the above parameters is not complied with, YOOX NET-A-PORTER GROUP S.p.A., without prejudice to the right of the "Bank" to terminate the contract, undertakes to agree with the "Bank", within 30 working days of the request, the financial and management operations necessary to ensure that the parameters in question come under the set terms, or, alternatively, to repay the loan in advance on the due date of the interest period in progress.

In relation to the aforementioned financing agreed, it should be noted that as at 31 December 2015, just as at 31 December 2014, the aforementioned financial parameters were complied with by the Group.

As at 31 December 2015, financing with other credit institutions is not governed by compliance with parameters of a financial and commercial nature.

Net financial position

The table below gives a breakdown of net financial position as at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
CASH AND CASH EQUIVALENTS	84,680	91,001	(6,321)
CURRENT FINANCIAL ASSETS	14,826	3,845	10,982
OTHER CURRENT FINANCIAL ASSETS	103	419	(316)
BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES	(25,970)	(30,759)	4,789
OTHER CURRENT FINANCIAL LIABILITIES	(645)	(155)	(490)
CURRENT NET FINANCIAL POSITION	**72,994**	**64,351**	**8,644**
MEDIUM/-LONG-TERM FINANCIAL LIABILITIES	(101,219)	(66,072)	(35,147)
NET FINANCIAL POSITION[39]	**(28,224)**	**(1,721)**	**(26,503)**

In 2015, the parent's net financial position declined by EUR 26,503 thousand, from -1,721 thousand at 31 December 2014 to EUR -28,224 thousand at 31 December 2015.

6.26 EMPLOYEE BENEFITS

This item refers exclusively to the post-employment benefits recorded by the Parent Company in accordance with current legislation. Changes in defined benefit plans for employees in 2015 are summarised below:

DESCRIPTION	BALANCE AS AT 31/12/14	PROVISIONS	UTILISATION	BALANCE AS AT 31/12/15
EMPLOYEE BENEFITS	165	60	71	154
TOTAL	165	60	71	154

[39] Net debt (or net financial position) is the sum of cash and cash equivalents, other current financial assets, net of bank loans and other financial liabilities falling due within one year, other current financial liabilities, and medium-long term financial liabilities. Net debt (or net financial position) is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the balance obtained by the Company may not be comparable with those calculated by such groups. For details of the items that make up net financial debt (or net financial position), see the table above in the section "Net financial position". "Other current financial assets" are not governed by the definition of net financial debt (or net financial position) of the CESR. The Group believes this definition should be integrated including claims vs. acquirers and logistics operators from whom cash on delivery is required under "Other current financial assets".

The main technical, demographic and economic parameters used in the actuarial calculation of employee benefits as at 31 December 2015 are summarised below:

ACTUARIAL ASSUMPTIONS USED FOR THE CALCULATIONS	
SURVIVAL TABLES	ISTAT SIM AND SIF TABLES FOR 2014
ANNUAL TURNOVER RATE	2.90%
PROBABILITY OF REQUESTS FOR ADVANCES	7.60%
ACTUALISATION RATE	2.03% (IBOXX CORPORATES AA € 10+)
INFLATION RATE	1.50%
% REQUESTS FOR ADVANCES	70%
NOMINAL REMUNERATION GROWTH RATE	1.50%

6.27 PROVISIONS FOR CURRENT AND NON-CURRENT RISKS AND CHARGES

This item reflects provisions for estimated current liabilities as at 31 December 2015, the timing and extent of which cannot be determined. The following table shows the breakdown of the item and changes in 2015:

DESCRIPTION	BALANCE AS AT 31/12/14	INCREASES	ADJUSTMENTS	UTILISATION	BALANCE AS AT 31/12/15
PROVISION FOR THEFT AND LOSS	89	150	-	(89)	150
PROVISION FOR FRAUD	184	193	-	(184)	193
TOTAL PROVISIONS FOR CURRENT RISKS AND CHARGES	273	343	-	(273)	343

During the year, EUR 89 thousand from the provision for theft and loss was used, and it was therefore deemed appropriate to proceed with a further accrual of EUR 150 thousand, following a new estimate.

During the year, EUR 184 thousand was utilised from the provision for fraud, and it was therefore deemed appropriate to proceed with a further accrual of EUR 193 thousand, to cover against fraud committed via online sales paid for by credit card. This fraud coverage provision was calculated taking into account the historical incidence of the value of fraud in relation to the value of sales.

6.28 DEFERRED TAX LIABILITIES

The following tables show the breakdown of, and changes in, deferred tax liabilities as at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/14	INCREASES	UTILISATION	BALANCE AS AT 31/12/15
DEFERRED TAX LIABILITIES	285	67	(285)	67
TOTAL	285	67	(285)	67

DESCRIPTION OF TAXABLE ITEM	BALANCE AS AT 31/12/15	2015 TAX RATE	TAX RECORDED IN 2015
UNREALISED EXCHANGE RATE GAINS 2015	170	27.5%	47
POSITIVE FAIR VALUE (CFH) OF DERIVATIVES	72	27.5%	20
TOTAL	242		67

6.29 TRADE PAYABLES

The following table shows a breakdown of trade payables as at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DUE TO SUPPLIERS	144,651	114,226	30,424
CREDIT NOTES TO BE RECEIVED FROM SUPPLIERS	(3,812)	(2,047)	(1,766)
INVOICES TO BE RECEIVED FROM SUPPLIERS	38,296	34,278	4,017
DUE TO CREDIT CARD OPERATORS	48	16	32
TOTAL	179,182	146,474	32,708

Trade payables increased by 18.3%, from EUR 146,474 thousand as at 31 December 2014 to EUR 179,182 thousand as at 31 December 2015.

Trade payables are all payables relating to purchases of goods and services from the Company's suppliers. Payables are recorded at their nominal value. Since all payables fall due within one year, none are subject to discounting. "Trade payables" includes all amounts due to suppliers, both for the supply of finished products and raw materials, and for the supply of intangible assets.

The increase during the year is linked to the rise in sales volumes, which, due to the Company's business model, necessitates the purchase of goods in advance of the selling season.

6.30 TAX LIABILITIES

Current tax liabilities on income of YOOX NET-A-PORTER GROUP S.p.A. for the year, net of payments on account, are shown below.

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
CURRENT INCOME TAX LIABILITY	1,064	-	1,064
TOTAL	1,064	-	1,064

The tax assessment on taxable income amounts to EUR 5,331 thousand, which is greater than the current tax payment on account made during the year of EUR 4,267.

6.31 OTHER PAYABLES

The following table shows a breakdown of other payables at 31 December 2015:

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14	CHANGE
DUE TO SOCIAL SECURITY INSTITUTIONS	3,516	2,770	747
CREDIT NOTES TO BE ISSUED TO CUSTOMERS	14,388	6,114	8,275
DUE TO DIRECTORS	711	18	693
DUE TO EMPLOYEES	6,774	3,916	2,814
DUE TO TAX REPRESENTATIVES	10,795	7,695	3,100
OTHER PAYABLES	6,602	4,163	2,483
FINANCIAL DEBTS TO YASIA	1,975	1,771	204
FINANCIAL DEBTS TO YJAPAN	763	689	74
ACCRUED EXPENSES AND DEFERRED INCOME	668	177	491
TOTAL	**46,192**	**27,312**	**18,881**

The item "Due to social security institutions" reflects contributions payable to social security institutions, mainly on the amounts recognised to employees at the end of the reporting period.

Credit notes to be issued to customers are part of certain payables for services relating to sales made during 2015. This item increased in 2015 in line with the increase in sales volumes compared with the previous period.

The item "Due to tax representatives" reflects indirect tax liabilities. Sales carried out in European countries during 2015 and 2014 exceeded the threshold set in Article 41, paragraph 1, letter b) of Decree-Law 331/93, which requires payment of VAT in the destination country for goods sold. In order to comply with this requirement, the Company has opened VAT accounts in these countries.

STATEMENT OF CASH FLOWS

6.32 PROFIT FOR THE YEAR, TAXES FOR THE YEAR, DEPRECIATION AND AMORTISATION, INCOME TAXES PAID

Details of profit for the year, taxes for the year, depreciation and amortisation and other non-monetary income statement items are provided in Notes 6.3, 6.4, 6.5, 6.11 and 6.12 respectively.

In relation to the income tax in 2015 of EUR 1,228 thousand (EUR 6,092 thousand in 2014), tax payments amounting to EUR 4,981 thousand were made (EUR 5,718 thousand in 2014) relating to tax outstanding for the previous year and payments on account, calculated in accordance with the respective tax regulations in force in Italy.

6.33 OTHER NET NON-MONETARY INCOME AND EXPENSES

Other net non-monetary income and expenses include non-monetary items on the income statement apart from income tax, depreciation and amortisation and provisions that are classified as a direct deduction from asset items (allowance for impairment and provisions for obsolescence). This includes provisions for defined benefit plans for employees (TFR), the measurement at fair value of stock option plans, provisions for risks and charges, capital gains and capital losses, unrealised foreign exchange fluctuations and recognised interest income and expenses. In relation to these last items, interest received and interest paid are presented separately.

6.34 CHANGE IN TRADE RECEIVABLES, INVENTORIES AND TRADE PAYABLES

This item reports the use or generation of cash relative to net working capital, i.e. changes in trade receivables, inventories and trade payables. Changes in trade payables refer exclusively to supplies of raw materials, goods and services, excluding the change in payables to suppliers of investments, which are reported in the section of the statement of cash flows relating to cash generated by or used in investing activities.

6.35 CHANGE IN OTHER CURRENT ASSETS AND LIABILITIES

This item reflects the change in all other current assets and liabilities, net of the effects of recognising non-monetary income and expenses, i.e. the change in the balances with a direct effect on the use or generation of cash.

6.36 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND PROCEEDS FROM THE SALE OF PROPERTY, PLANT AND EQUIPMENT

Cash flow from the acquisition of property, plant and equipment reflects both expenditure to replace plants and expenditure on new plants. The amount reported also includes the change in investment payables.

6.37 ACQUISITION OF OTHER INTANGIBLE ASSETS

Cash flow for acquisition of other intangible assets relates to investments in licences and software and the capitalisation of development costs (for a breakdown of these, see Note 6.13). Capitalisations are classified among cash flow from/used in investing activities since they involve a cash outflow associated with the internal costs incurred (mainly personnel expenses). These outflows were broadly in line with costs capitalised during the year.

6.38 ACQUISITION OF STAKES IN SUBSIDIARIES AND ASSOCIATED COMPANIES

No cash flow from investment was due to payments in the form of loans to hedge future losses during 2015.

6.39 ACQUISITION OF AND PROCEEDS FROM DISPOSALS OF OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets at 31 December 2015 stood at a total of EUR 106 thousand (EUR 100 thousand at 31 December 2014).

Guarantee deposits at 31 December 2015 relate to rental agreements and administration contracts for gas and energy services. Other non-current financial assets are due to be repaid in more than five years' time.

6.40 INCREASE IN SHARE CAPITAL AND SHARE PREMIUM RESERVE

For information on total receipts for increases in share capital and the share premium reserve, see section 6.23, "Equity".

6.41 ARRANGEMENT AND REPAYMENT OF MEDIUM-/LONG-TERM FINANCIAL LIABILITIES

Repayments of other medium-long term financial liabilities relate to loans from banks and other lenders, as described in Note 6.24.

6.42 ARRANGEMENT AND REPAYMENT OF SHORT-TERM FINANCIAL LIABILITIES

The change in short-term bank exposure is included in the change in short-term financial payables, since these are forms of short-term borrowing, as described in Note 6.24.

7. DISCLOSURE OF FINANCIAL RISKS

A. Accounting classification and fair value

The table below shows the carrying amount and fair value of each financial asset and liability, as well as the relative fair value hierarchy level.

31 DECEMBER 2015		CARRYING VALUE						FAIR VALUE			
THOUSANDS OF EUROS	NOTES	LOANS AND RECEIVABLES	FINANCIAL ASSETS AT FAIR VALUE RECORDED IN INCOME STATEMENT	FAIR VALUE - HEDGING INSTRUMENTS	FINANCIAL LIABILITIES AT FAIR VALUE RECORDED IN INCOME STATEMENT	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS											
OTHER NON-CURRENT FINANCIAL ASSETS		106	-	-	-	-	106	-	-	-	-
TRADE RECEIVABLES		47,020	-	-	-	-	47,020	-	-	-	-
OTHER CURRENT ASSETS		11,306	-	103	-	-	11,409	-	103	-	103
CASH AND CASH EQUIVALENTS		84,680	-	-	-	-	84,680	-	-	-	-
TOTAL FINANCIAL ASSETS		143,112	-	103	-	-	143,215	-	103	-	103
FINANCIAL LIABILITIES											
BANK OVERDRAFTS		-	-	-	-	(6,730)	(6,730)	-	-	-	-
GUARANTEED BANK LOANS		-	-	-	-	(117,846)	(117,846)	-	(117,846)	-	(117,846)
NON-GUARANTEED BANK LOANS		-	-	-	-	-	-	-	-	-	-
LIABILITIES FOR FINANCIAL LEASES		-	-	-	-	(2,613)	(2,613)	-	(2,613)	-	(2,613)
TRADE PAYABLES		-	-	-	-	(179,182)	(179,182)	-	-	-	-
OTHER LIABILITIES		-	-	(645)	-	(45,547)	(46,192)	-	(645)	-	(645)
TOTAL FINANCIAL LIABILITIES		-	-	(645)	-	(351,918)	(352,563)	-	(121,104)	-	(121,104)

31 DECEMBER 2014	CARRYING VALUE							FAIR VALUE			
THOUSANDS OF EUROS	NOTES	LOANS AND RECEIVABLES	FINANCIAL ASSETS AT FAIR VALUE RECORDED IN INCOME STATEMENT	FAIR VALUE - HEDGING INSTRUMENTS	FINANCIAL LIABILITIES AT FAIR VALUE RECORDED IN INCOME STATEMENT	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS											
OTHER NON-CURRENT FINANCIAL ASSETS		100	-	-	-	-	100	-	-	-	-
TRADE RECEIVABLES		48,727	-	-	-	-	48,727	-	-	-	-
OTHER CURRENT ASSETS		9,489	-	419	-	-	9,908	-	419	-	419
CASH AND CASH EQUIVALENTS		91,001	-	-	-	-	91,001	-	-	-	-
TOTAL FINANCIAL ASSETS		149,317	-	419	-	-	149,736	-	419	-	419
FINANCIAL LIABILITIES											
BANK OVERDRAFTS		-	-	-	-	(556)	(556)	-	-	-	-
GUARANTEED BANK LOANS		-	-	-	-	(93,138)	(93,138)	-	(93,138)	-	(93,138)
NON-GUARANTEED BANK LOANS		-	-	-	-	-	-	-	-	-	-
LIABILITIES FOR FINANCIAL LEASES		-	-	-	-	(3,137)	(3,137)	-	(3,137)	-	(3,137)
TRADE PAYABLES		-	-	-	-	(146,475)	(146,475)	-	-	-	-
OTHER LIABILITIES		-	-	(155)	-	(27,157)	(27,317)	-	(155)	-	(155)
TOTAL FINANCIAL LIABILITIES		-	-	(155)	-	(270,463)	(270,618)	-	(96,430)	-	(96,430)

B. Hierarchical levels of fair value measurement

In order to determine the fair value of financial instruments, the Group relies on measurement techniques based on observable market parameters (Mark to model), which are therefore included in level 2 of the fair value hierarchy identified in IFRS 13. IFRS 13 identifies a hierarchy of measurement techniques based on three levels:

- Level 1: inputs are quoted prices in markets for identical assets or liabilities;
- Level 2: inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: inputs that are unobservable; used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability.

In this regard, please recall that, in choosing the measurement techniques to be used, the Group adopts the following hierarchy:

a) use of prices found in markets, even if they are inactive, of identical instruments (Recent Transactions) or similar instruments (Comparable Approach);

b) use of measurement techniques based primarily on observable market parameters;

c) use of measurement techniques based primarily on unobservable market parameters.

The company has adopted procedures to assess the fair value of assets and liabilities using measurement techniques based on observable market parameters.

The Company determined the fair value of the derivatives in place at 31 December 2015 using generally accepted measurement techniques for instruments of the type used by the Group.

The models applied for the measurement of instruments require calculations through the Bloomberg info provider. The input data used in the models are primarily observable market parameters (Euro, Yen and Dollar interest rate curve and official exchange rates at the measurement date) acquired from the Bloomberg info provider.

In 2015, there were no transfers from Level 1 to Level 2 or vice versa.

C. Financial risk management

The Group is exposed to the following risks deriving from the use of financial instruments:

- Credit risk, in relation to normal commercial dealings with customers as well as financing activities;
- Liquidity risk, in relation to the availability of financial resources and access to the credit and financial instruments market;
- Market risk, in relation to fluctuations in interest rates and exchange rates between the Euro and the other currencies used by the Group.

The Group’s risk management policies aim to identify and analyse the risks to which the Group is exposed, establish appropriate limits and controls and monitor risks and compliance with those limits. These policies and the relative systems are revised on a regular basis to reflect any changes in market conditions and Group activities.

CREDIT RISK

Credit risk is the risk that a customer or financial instrument counterparty may cause a financial loss by not meeting a contractual obligation, and derives primarily from the Group’s trade receivables and debt securities.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk. The existing receivables at year end are chiefly due from customers, Group companies, other commercial counterparties and tax authorities. There are no significant overdue balances.

CREDIT RISK WITH COMMERCIAL COUNTERPARTIES

Due to the type of business carried out by the Group, credit risk exposure is limited as collections take place at the time of sale (payments by credit card) or upon delivery in the case of payment on delivery of the merchandise (COD).
Credit risk related to any problem accounts subject to legal action or to overdue accounts is monitored centrally on a daily basis and reported each month.

CREDIT RISK WITH FINANCIAL COUNTERPARTIES

In relation to the credit risk deriving from other financial assets other than trade receivables, theoretical credit risk for the Group arises from the breach of a counterparty with a maximum exposure that is equal to the carrying amount of the financial asset recognised in the financial statements, as well as the nominal value of guarantees given on third-party debt or commitments specified in paragraph 9 of the Notes. The Group has policies in place that limit the amount of credit exposure to the various banks.
The YOOX NET-A-PORTER Group has obtained lines of credit from leading Italian and international banks of high standing.
Insofar as the Group is aware, there are no potential losses deriving from the impossibility of financial counterparties to meet their contractual obligations of a significant or appreciable amount.

LIQUIDITY RISK

Liquidity risk derives from possible difficulties in obtaining financial resources at an acceptable cost to conduct the Group's normal operating activities.
The factors that determine the liquidity situation of the Group are firstly the resources generated from or used in operating and investing activities, and secondly the maturity and renewal conditions of debt or the liquidity of financial commitments and market conditions.
The Group has adopted a series of policies and processes to optimise the management of financial resources in order to reduce liquidity risk:

- centralised management of payment and payment collection flows, where this is economically expedient and complies with the various civil law, monetary and tax regulations of the countries in which the Parent is present;
- maintenance of a suitable level of cash on hand;
- diversified use of tools to procure financial resources and a continuous and active presence on capital markets;
- obtaining adequate credit lines to create a suitable debt structure to best use, within the agreed short or long-term period, the financial resources granted by the lending system;
- monitoring of future liquidity conditions with reference to the company planning process.

Management considers the funds currently available, in addition to the funds that will be generated from operating and financing activities, sufficient to allow the Parent to meet its requirements arising from investment activities, the management of working capital and the repayment of debts upon maturity.

In 2015, the Group met all economic and financial parameters set forth in the covenants of its outstanding loan agreements.

The table below provides an analysis of the contractual maturities, which also include interest, for financial liabilities.

NON-DERIVATIVE FINANCIAL LIABILITIES	CONTRACTUAL CASH FLOWS								
VALUES IN THOUSANDS OF EUROS	CARRYING VALUE	TOTAL	WITHIN 6 MONTHS	6-12 MONTHS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	MORE THAN 5 YEARS
BANK OVERDRAFTS	6,730	6,730	6,730	-	-	-	-	-	-
GUARANTEED BANK LOANS	117,846	117,846	-	17,681	100,165	-	-	-	-
NON-GUARANTEED BANK LOANS	-	-	-	-	-	-	-	-	-
LIABILITIES FOR FINANCIAL LEASES	2,613	2,613	-	1,557	1,056	-	-	-	-
TRADE PAYABLES	179,182	179,182	179,182	-	-	-	-	-	-

DERIVATIVE FINANCIAL LIABILITIES	CONTRACTUAL CASH FLOWS								
VALUES IN THOUSANDS OF EUROS	CARRYING VALUE	TOTAL	WITHIN 6 MONTHS	6-12 MONTHS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	MORE THAN 5 YEARS
HEDGING INTEREST RATE SWAP	(284)	(284)	(284)	-	-	-	-	-	-
HEDGING FORWARD CONTRACTS ON FOREIGN EXCHANGE	(259)	(259)	(259)	-	-	-	-	-	-

Cash inflows/(outflows) in the table above reflect the non-discounted contractual cash flows relating to derivative financial liabilities held for risk management purposes which, in general, are not settled before the agreement maturity date. The financial statement disclosures present net cash flows if they relate to derivative financial instruments which establish net settlement in cash of the spread and gross inflows and outflows if they relate to derivative financial instruments which establish simultaneous gross payments in cash.
The interest to be paid on variable rate loans and on bond issues specified in the table reflects the forward market interest rate at year-end and is influenced by changes in market rates. Future cash flows relating to the potential consideration and derivative financial instruments could differ from the amount reported in the tables if the interest and exchange rates or the conditions of the underlying asset change. With the exception of these financial liabilities, the cash flows included in the maturities analysis are not expected to arise significantly in advance of the date expected or with considerably different amounts.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument could fluctuate as a result of changes in market prices, due to changes in exchange rates, interest rates or equity instrument prices. The objective of market risk management is to manage and control the Group's exposure to that risk within acceptable levels, while also optimising the return on investments.
For the YOOX NET-A-PORTER-GROUP, market risk arises in the form of currency and interest rate risk.

CURRENCY RISK

The Group is exposed to currency risk when sales, purchases and loans are expressed in a currency other than the functional currencies of each Group entity which are, primarily, the Euro, the UK pound and the US dollar. The Group is principally exposed towards the US dollar, the UK pound, the Japanese yen and, only to a marginal extent, the Chinese renminbi.
At all times, the Group covers the estimated exposure to changes in exchange rates with respect to expected sales over the next 12 months. In 2015, this exposure is hedged using US dollar and Japanese yen forward sale agreements and collar options on US dollars and Japanese yen entered into with leading domestic and international credit institutions with which the Group works on a daily basis.
All currency forward sale agreements and collar options have a term of less than one year after year-end close.
The Group companies are located in countries not belonging to the European Monetary Union, in particular Great Britain, the United States, Japan, China and Hong Kong. Since the Group's functional currency is the Euro, the income statements of these companies are translated into Euro at the average exchange rate for the period. Holding revenue and profits constant in their local currencies, changes in the exchange rates concerned may have an effect on the Euro amount of their revenue, costs and financial results. The Euro value of assets and liabilities of consolidated companies whose accounting currency is not the Euro may vary depending on exchange rate movements. In accordance with IFRS, the effects of these changes are recognised directly in equity, under the item "Translation reserve".

The table below summarises the quantitative data of the Group's exposure to currency risk:

THOUSANDS OF EUROS	31 DECEMBER 2015				
	USD	JPY	GBP	CNY	CAD
TRADE RECEIVABLES	-	-	1,033	-	-
OTHER NON-CURRENT FINANCIAL ASSETS	-	-	-	-	-
TRADE PAYABLES	(3,466)	(490)	(2,583)	-	-
CASH AND CASH EQUIVALENTS	2,672	171	6,801	1,474	-
NET EXPOSURE IN THE STATEMENT OF FINANCIAL POSITION	**(794)**	**(319)**	**5,251**	**1,474**	**-**
HEDGING CONTRACTS	91	(350)	-	-	-
NET EXPOSURE	**(702)**	**(669)**	**5,251**	**1,474**	**-**

THOUSANDS OF EUROS	31 DECEMBER 2014				
	USD	JPY	GBP	CNY	CAD
TRADE RECEIVABLES	349	-	374	-	-
OTHER NON-CURRENT FINANCIAL ASSETS	-	-	-	-	-
TRADE PAYABLES	(2,680)	(225)	(506)	-	(208)
CASH AND CASH EQUIVALENTS	119	190	2,466	85	-
NET EXPOSURE IN THE STATEMENT OF FINANCIAL POSITION	**(2,212)**	**(35)**	**2,334**	**85**	**(208)**
HEDGING CONTRACTS	(13)	419	-	-	-
NET EXPOSURE	**(2,225)**	**384**	**2,334**	**85**	**(208)**

The currency risk has been measured using a sensitivity analysis and the potential effects of exchange rate fluctuations on the consolidated financial statements at 31 December 2015 have been analysed.
An appreciation (depreciation) in the Euro, and in the GBP, USD and JPY currencies with respect to all other currencies, would have had effects on the measurement of financial instruments expressed in foreign currency and involved an increase (decrease) in consolidated shareholders' equity and consolidated profit for the year in the amounts shown in the following table. This

analysis presupposes that all other variables, particularly interest rates, remain the same, and does not consider the effects of expected sales and acquisitions.

	PROFIT/(LOSS) FOR THE FISCAL YEAR		SHAREHOLDERS' EQUITY	
VALUES IN THOUSANDS OF EUROS	APPRECIATION	DEPRECIATION	APPRECIATION	DEPRECIATION
31 DECEMBER 2015				
USD (CHANGE OF 5%)	38	(42)	87	96
JPY (CHANGE OF 5%)	15	(17)	(333)	(368)
GBP (CHANGE OF 5%)	(250)	276	-	-
CNY (CHANGE OF 5%)	(70)	78	-	-
CAD (CHANGE OF 5%)	-	-	-	-
31 DECEMBER 2014				
USD (CHANGE OF 5%)	105	(116)	-	-
JPY (CHANGE OF 5%)	2	(2)	-	1
GBP (CHANGE OF 5%)	(111)	123	-	-
CNY (CHANGE OF 5%)	(4)	4	-	-
CAD (CHANGE OF 5%)	10	(11)	-	-

INTEREST RATE RISK

Interest rate risk arises when a change in interest rates adversely affects performance for the year.
Funding and credit lines available to the YOOX NET-A-PORTER GROUP are indexed to the Euribor, and therefore the Group is exposed to an increase in interest rates. In 2015, the Group decided to manage interest rate risk through recourse to Interest Rate Swap agreements hedging medium-long term loans.

The table below summarises the quantitative data of the Parent Company's exposure to interest rate risk:

DESCRIPTION	BALANCE AS AT 31/12/2015	BALANCE AS AT 31/12/2014
FINANCIAL RECEIVABLES	14,826	3,845
FINANCIAL LIABILITIES	(127,189)	(96,831)
CASH IN CURRENT ACCOUNTS	84,680	91,001
NET EXPOSURE IN THE STATEMENT OF FINANCIAL POSITION	(27,683)	(1,985)
HEDGING CONTRACTS	(542)	264
NET EXPOSURE	(28,224)	(1,721)

Interest rate risk is measured through the sensitivity analysis and the potential effects of fluctuations in interest rates on the consolidated financial statements as at 31 December 2015 were analysed. If interest rates changed by 100bp at the year-end, shareholders' equity and the profit / (loss) for the year would increase or decrease by the amounts given in the table below. The analysis was conducted assuming that other variables, especially exchange rates, remained constant.

	PROFIT/(LOSS) FOR THE FISCAL YEAR		SHAREHOLDERS' EQUITY	
VALUES IN THOUSAND EURO	100 BP INCREASE	100 BP DECREASE	100 BP INCREASE	100 BP DECREASE
31 DECEMBER 2015				
VARIABLE RATE FINANCIAL INSTRUMENTS	-	-	289	(292)
INTEREST RATE SWAP	-	-	1,620	(1,704)
CASH FLOW SENSITIVITY (NET)	**-**	**-**	**1,909**	**(1,997)**
31 DECEMBER 2014				
VARIABLE RATE FINANCIAL INSTRUMENTS	-	-	12	(13)
INTEREST RATE SWAP	-	-	78	(79)
CASH FLOW SENSITIVITY (NET)	**-**	**-**	**90**	**(92)**

The following table shows transactions outstanding as at 31 December 2015 and 31 December 2014 and the related fair values.

FINANCIAL INSTRUMENT	NATURE OF HEDGED RISK	NOTIONAL VALUE		FAIR VALUE DERIVATIVES		CURRENT FINANCIAL ASSETS		OTHER FINANCIAL PAYABLES	
		31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14	31/12/15	31/12/14
HEDGING									
FORWARD SALES	CURRENCY	29,207	8,683	103	419	103	419	-	-
IRS	INTEREST RATE	73,737	23,253	(645)	(155)	-	-	(645)	(155)
TOTAL		**102,944**	**31,936**	**542**	**264**	**103**	**419**	**(645)**	**(155)**

HEDGE ACCOUNTING – CASH FLOW HEDGING

The Group performs prospective and retrospective tests of the effectiveness of the derivative financial instruments recorded, using the rules of *hedge accounting*.

Effectiveness is ensured if the ratio of the change in the fair value of the hedging instrument to the change in the fair value of the hedged instrument falls within the range of 80%-125%.

In 2015, the Group put cash flow hedges into place in relation to a highly likely planned transaction.

The financial instruments in place as at 31 December 2015 are forward contracts stated at fair value in the reserve assets, as set out in IAS 39.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The following are measured on an amortised cost basis: held-to-maturity assets, trade receivables and payables, time deposits, loans, and other liabilities and assets measured at amortised cost (such as other receivables and payables).

Pursuant to IFRS 7, the fair value of these items is re-measured by calculating the present value of the contractually-expected flows of principal and interest, with reference to the yield curve for government securities at the measurement date.

Investments in repurchase agreements, mentioned previously, come under financial assets valued at amortised cost.

The carrying amount of trade payables and receivables represents a reasonable approximation of their fair value.

8. INFORMATION PURSUANT TO IAS 24 ON MANAGEMENT REMUNERATION AND ON RELATED PARTIES

Transactions with related parties, as defined under IAS 24, as at 31 December 2015 and as at 31 December 2014 were restricted to commercial, administrative and financial services relationships with subsidiaries and other related parties. The transactions form part of normal business operations, within the usual scope of activity of each of the interested parties, and are carried out under normal market conditions.

Below is a non-exhaustive list of definitions of the related parties of an entity (the "Entity") as those indicated by International Accounting Standard no. 24 (IAS 24) and those listed by way of example, but not limited to the following:

a) entities that directly or indirectly:

   (i) control the Entity, or
   (ii) are controlled by the Entity, or
   (iii) are subject to joint control with the Entity, or
   (iv) have significant influence over the Entity, or
   (v) have joint control over the Entity.

b) entities related to the Entity according to the definition set out in IAS 28 – Investments in Associates;

c) joint ventures in which the Entity has a shareholding;

d) managers with strategic responsibility for the Entity or its parent company, including the directors and statutory auditors of the Entity;

e) the close family members of any physical persons included in points a) to d) above;

f) entities controlled or jointly controlled by one of the persons described in points d) or e) above, or that are under the significant influence of these persons; i.e. entities in which the persons described in d) and e) hold, either directly or indirectly, a significant share of the voting rights;

g) pension funds for employees of the Entity or any other entity related to it.

8.1 TRANSACTIONS WITH SUBSIDIARIES

The main relationships between YOOX NET-A-PORTER GROUP S.p.A. and its subsidiaries are chiefly commercial in nature and can be summarised as follows:

1. YOOX NET-A-PORTER GROUP S.p.A. supplies its subsidiaries with products for sale on the US and Japanese online stores;

2. YOOX NET-A-PORTER GROUP S.p.A. provides its subsidiaries with website maintenance, support services and updates;

3. YOOX NET-A-PORTER GROUP S.p.A. provides its subsidiaries with administrative, financial and legal services;

4. YOOX NET-A-PORTER GROUP S.p.A. provides its subsidiaries with customer service support (via a customer care service located at the Italian head office that interfaces with Japanese and US customers using dedicated staff);

5. YOOX NET-A-PORTER GROUP S.p.A. provides its subsidiaries with advice and support in the areas of fashion, marketing, advertising and professional training.

YOOX NET-A-PORTER GROUP S.p.A. believes that none of the relationships between the Group companies or between the Group companies and related parties are considered to be atypical or unusual, and form part of the Group's ordinary business operations. The transactions were carried out under normal market (i.e. arm's-length) conditions.

The following tables show the relationships in terms of receivables and payables between the Company and other Group companies at 31 December 2015 and at 31 December 2014. Receivables from and payables to subsidiaries are expressed in GBP, USD, JPY, CNY and HKD and translated to Euro at the exchange rate in effect at year end. Revenue and costs are expressed in GBP, USD, JPY, CNY and HKD and translated to EUR at the average exchange rate for the year in question.

31 December 2015

	TRADE RECEIVABLES	FINANCIAL RECEIVABLES	TRADE PAYABLES	FINANCIAL LIABILITIES	REVENUE	COSTS
YOOX CORPORATION	14,385	-	81		93,186	113
YOOX JAPAN	7,835	-	17	763	29,639	22
MISHANG TRADING (SHANGHAI)	9,581	1,770	-		7,269	7
YOOX ASIA LTD	4,490	-	5	1,975	17,576	12
TOTALE SUBSIDARIES	**36,291**	**1,770**	**103**	**2,738**	**147,670**	**154**

31 December 2015

	TRADE RECEIVABLES	FINANCIAL RECEIVABLES	TRADE PAYABLES	FINANCIAL LIABILITIES	REVENUE	COSTS
YOOX CORPORATION	24,347	1,240	23	-	82,214	33
YOOX JAPAN	4,815	2,735	-	692	25,121	18
MISHANG TRADING (SHANGHAI)	6,940	-	2	-	3,771	16
YOOX ASIA LTD	3,642	-	1	1,786	10,337	15
TOTAL SUBSIDIARIES	**39,745**	**3,975**	**26**	**2,478**	**121,443**	**83**

8.2 TRANSACTIONS WITH OTHER RELATED PARTIES

The tables below show the main financial and commercial relations held by the Company with related parties other than the Group companies as at 31 December 2015 and 31 December 2014, excluding intra-group relations, summarised above. It is pointed out that commercial transactions with the entities under normal market conditions were concluded and that all transactions were concluded in the interests of the Company.

31 December 2015

DESCRIPTION	TRADE PAYABLES	FINANCIAL RECEIVABLES	TRADE PAYABLES	FINANCIAL LIABILITIES	REVENUE	COSTS
STUDIO LEGALE ASSOCIATO D'URSO GATTI E BIANCHI	-	-	25	-	-	3,913
BIZMATICA SISTEMI S.P.A.	-	-	190	-	-	297
RICHEMONT INTERNATIONA SA	-	-	-	-	-	73
ALFRED DUNHILL LIMITED	90	-	97	-	259	40
E_LITE	72	240	9,216	-	16,271	-
RELATED PARTIES TOTAL	162	240	9,528		16,530	4,323

31 December 2014

DESCRIPTION	TRADE RECEIVABLES	FINANCIAL RECEIVABLES	TRADE PAYABLES	FINANCIAL LIABILITIES	REVENUE	COSTS
STUDIO LEGALE ASSOCIATO D'URSO GATTI E BIANCHI			28			488
BIZMATICA SISTEMI SPA			119			276
E_LITE	2	42	3,376		4,522	-
TOTALE PARTI CORRELATE	2	42	3,522	-	4,522	764

The above entities are regarded as related parties of the Company for the following reasons:

- Studio Legale D'Urso Gatti e Associati: a partner in the law firm is a director of the Parent;
- Bizmatica Sistemi S.p.A.: the chairman of the company is the son of a member of the Board of Directors of a Group company (YNAP S.p.A.);
- E_lite: it is a 49% owned subsidiary.
- Richemont International SA as a company belonging to the Richemont Group;
- Alfred Dunhill Limited as a supplier of brand goods belonging to the Richemont Group.

None of the transactions that took place with related parties in 2015 and 2014 was significant (except as mentioned above), atypical and/or unusual.

8.3 REMUNERATION OF SENIOR MANAGERS AND OTHER KEY PERSONS IN THE COMPANY

The senior management and key persons with strategic responsibility for management, planning and administration in the Group are, in addition to executive and non-executive directors, the Chief Financial & Corporate Officer, PMI & Operational Excellence Director and Chief Operating Officer.

The gross annual remuneration of the above persons, inclusive of all forms of remuneration (including gross pay, bonuses and fringe benefits), as well as bonuses accrued but not paid out that are subject to the achievement of long-term objectives, are reported in the following table together with the fees of the members of the Board of Statutory Auditors:

31 December 2015

DESCRIPTION	SHORT-TERM BENEFITS	LONG-TERM BENEFITS	STOCK OPTION PLANS AND COMPANY INCENTIVE PLANS
DIRECTORS	2,743	800	1,261
STATUTORY AUDITORS	71	-	-
MANAGEMENT PERSONNEL WITH STRATEGIC RESPONSIBILITIES	1,547	58	37
TOTAL	**4,362**	**858**	**1,298**

31 December 2014

DESCRIPTION	SHORT-TERM BENEFITS	LONG-TERM BENEFITS	STOCK OPTION PLANS AND COMPANY INCENTIVE PLANS
DIRECTORS	1,490	-	1,009
STATUTORY AUDITORS	73	-	-
MANAGEMENT PERSONNEL WITH STRATEGIC RESPONSIBILITIES	776	44	121
TOTAL	**2,339**	**44**	**1,130**

Finally, no close family members of any of the natural persons indicated above are related parties of the Issuer and/or the companies of the Group, as defined in IAS 24.

9. OTHER INFORMATION

COMMITMENTS AND GUARANTEES

DESCRIPTION	BALANCE AS AT 31/12/15	BALANCE AS AT 31/12/14
THIRD-PARTY ASSETS HELD BY THE COMPANY	110,787	107,262
SURETIES GIVEN TO OTHERS	2,885	2,468
COMMITMENTS UNDER HEDGING CONTRACTS (NOMINAL VALUE)	102,944	31,936

The warehouses of the companies hold goods worth EUR 110,787 thousand received on a sale-or-return basis from YOOX NET-A-PORTER GROUP S.p.A.'s partners. The decrease compared with the previous fiscal year was due exclusively to the increase in sales in the last quarter of the mono-brand online stores that store goods at our warehouses.

The sureties, all given by the Parent Company, relate to the following contracts:

- the contract agreed by the Parent Company with SINV, with effect from 12 May 2015, for a period of nine months, which may be renewed at the end of the contract, for the rental of office premises in Milan. The surety amounts to EUR 356,526.50 and will expire on 2 February 2016;
- the contract agreed by the Company with Oslavia, with effect from 19 September 2014 for a period of six years, for the rental of office premises in Via Lombardini, Milan. The surety amounts to EUR 20,934.15 and expires on 31 July 2016;

- the contract concluded by the Company following the repayment of the Global Collect guarantee deposit of EUR 1,200,000, after UniCredit issued a bank guarantee for the same amount, expiring on 30 June 2016;

- the contract agreed with Logistica Bentivoglio S.r.l. with effect from 28 December 2010 and expiring on 31 December 2017 to guarantee compliance with obligations under the rental agreement for the warehouse at the Bentivoglio Blocco 9.5 Interporto for EUR 564,052;

- the contract agreed by the Company with Despina S.p.A. to guarantee compliance with obligations under a rental contract with effect from 12 February 2015, relating to office premises at Via Nannetti 1 in Zola Predosa. The amount of the surety is EUR 400 thousand expiring on 1 February 2016;

- the contract agreed with SBLC Callison LLC with effect from 8 January 2013, expiring on 15 June 2016, to guarantee the correct fulfilment of the obligations undertaken through the rental agreement for the New York offices for USD 227,753 equal to EUR 209,197 as at 31 December 2015;

- the contract agreed with Geodis Logistic S.p.A. with effect from 13 February 2013 and expiring on 30 January 2019 to guarantee compliance with obligations under the rental agreement for the warehouse and offices at the Interporto for EUR 103,621;

- the contract agreed with Generali Italia Immobiliare, with effect from 25 July 2013 and expiring on 13 September 2019, for the rental of office space in Casalecchio di Reno in via del Lavoro. The amount of the surety is EUR 31,140.

The hedging contracts relate to:

- forward sales set up by the Parent to cover the currency risk connected to intra-Group sales in US dollars and Japanese yen. The nominal amount of these commitments, translated to Euro at the exchange rate in effect at the reporting date, is EUR 29,207 thousand;

- interest rate swaps signed by the Parent to hedge the interest rate risk related to the medium/long-term loan agreed for the new techno-logistics platform. The nominal amount of commitments at the reporting date is EUR 73,737 thousand.

10. SUBSEQUENT EVENTS

Following the merger and subsequent increase of the Group's business structure, YOOX NET-A-PORTER GROUP has accelerated the implementation of its strategy in order to increasingly focus on its highest potential single-brand collaborators, through a dynamic management of its portfolio geared towards profitability.

Specifically, YOOX NET-A-PORTER GROUP S.p.A. has signed two agreements, with a duration of five years, for the development and global management of the online stores Chloé and Alfred Dunhill, brands of the Richemont Group. The launch of chloe.com is expected to take place during 2016, while dunhill.com was launched on 23 February 2016.

The partnership for the management of moncler.com "Powered by YOOX NET-A-PORTER GROUP" has been renewed for a further five years until 1 January 2021, following an agreement signed between Industries S.p.A. and YOOX NET-A-PORTER GROUP S.p.A. on 1 January 2016.

Finally, six single-brand agreements will not be renewed with Pringle of Scotland Ltd, Barbara Bui S.A., TRS Evolution S.p.A., Roberto Cavalli S.p.A., EZI S.p.A. and Brunello Cucinelli S.p.A. which, in 2015, accounted for 0.6% of the Group's pro forma net sales.
Specifically, the TRS Evolution, Barbara Bui and Brunello Cucinelli online stores will be deactivated in the first half of 2017, while that of EZI shall be deactivated in the second half of 2016 and both pringlescotland.com and robertocavalli.com shall be deactivated in the first half of 2016.
By mutual agreement with the Brands, the partnerships with Brunello Cucinelli, EZI, Roberto Cavalli and Barbara Bui shall be re-focused on the Group's online multi-brand stores, with the aim of maximising the online business potential.

YOOX
NET-A-PORTER
GROUP

ANNEX 1

Separate income statement as at 31 December 2015 prepared in accordance with Consob Resolution 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006 (in thousands of Euro).

	31 DECEMBER 2015			31 DECEMBER 2014		
INCOME STATEMENT	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
THOUSANDS OF EUROS:						
NET REVENUES	517,829	16,530	3.2%	435,387	4,522	1.0%
COST OF GOODS SOLD	(373,367)	(113)	0.0%	(314,995)		
FULFILMENT COSTS	(50,990)			(39,968)	(226)	0.6%
SALES AND MARKETING COSTS	(32,180)	(379)	1.2%	(27,088)	(297)	1.1%
GENERAL EXPENSES	(50,576)	(10,348)	20.5%	(33,912)	(3,754)	11.1%
OTHER INCOME AND EXPENSES	(4,087)			(2,434)		
NON-RECURRING EXPENSES	(18,366)					
OPERATING PROFIT	(11,736)			16,991		
RESULT OF EQUITY INVESTMENTS	3,160			2,162		
FINANCIAL INCOME	4,916			2,801	22	0.8%
FINANCIAL EXPENSES	(10,097)			(4,318)		
PROFIT BEFORE TAX	(13,757)			17,636		
TAXES	2,406			(6,092)		
NET INCOME FOR THE FISCAL YEAR	(11,351)			11,544		

YOOX NET-A-PORTER GROUP

ANNEX 2

Statement of financial position as of 31 December 2015, prepared in accordance with Consob Resolution 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006 (in thousands of Euro).

	31 DECEMBER 2015			31 DECEMBER 2014		
STATEMENT OF ASSETS AND LIABILITIES	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
AMOUNTS IN THOUSANDS OF EURO AND PERCENTAGE WEIGHTING ON INDIVIDUAL ITEMS						
NON-CURRENT ASSETS						
PROPERTY, PLANT AND EQUIPMENT	37,519			35,176		
INTANGIBLE ASSETS WITH FINITE USEFUL LIFE	51,671			35,640		
EQUITY INTERESTS IN SUBSIDIARY COMPANIES	1,856,850			6,538		
INVESTMENTS IN ASSOCIATED COMPANIES	329			59		
DEFERRED TAX ASSETS	10,107			1,874		
OTHER NON-CURRENT FINANCIAL ASSETS	106			100		
TOTAL NON-CURRENT ASSETS	**1,956,582**			**79,387**		
CURRENT ASSETS						
INVENTORIES	229,039			181,968		
TRADE RECEIVABLES	47,020	162	0.3%	48,727	2	0.0%
OTHER CURRENT ASSETS	11,409			9,908		
CASH AND CASH EQUIVALENTS	84,680			91,001		
CURRENT FINANCIAL ASSETS	14,826	240	1.6%	3,845	42	1.0%
TOTAL CURRENT ASSETS	**386,975**			**335,449**		
TOTAL ASSETS	**2,343,556**			**414,836**		
SHAREHOLDERS' EQUITY						
SHARE CAPITAL	1,301			620		
RESERVES	1,963,231			106,692		
LOSSES CARRIED FORWARD	36,184			24,640		
NET INCOME FOR THE FISCAL YEAR	(11,351)			11,544		
TOTAL SHAREHOLDERS' EQUITY	**1,989,365**			**143,495**		

	31 DECEMBER 2015			31 DECEMBER 2014		
STATEMENT OF ASSETS AND LIABILITIES	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
NON-CURRENT LIABILITIES						
MEDIUM/-LONG-TERM FINANCIAL LIABILITIES	101,219			66,072		
EMPLOYEE BENEFITS	154			165		
PROVISIONS FOR RISKS AND NON-CURRENT CHARGES	-			-		
DEFERRED TAX LIABILITIES	67			285		
TOTAL NON-CURRENT LIABILITIES	101,440			66,522		
BANK LOANS AND OTHER CURRENT FINANCIAL LIABILITIES	25,970			30,759		
PROVISIONS FOR RISKS AND CHARGES	343			273		
TRADE PAYABLES	179,182	9,528	5.3%	146,475	3,522	2.4%
TAX LIABILITIES	1,064			-		
OTHER PAYABLES	46,192			27,312		
TOTAL CURRENT LIABILITIES	252,752			204,820		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,343,556			414,836		

YOOX
NET-A-PORTER
GROUP

ANNEX 3

Statement of cash flows for the year ended 31 December 2015, prepared in accordance with Consob Resolution 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006 (in thousands of Euro).

	31 DECEMBER 2015			31 DECEMBER 2014		
STATEMENT OF CASH FLOWS	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
NET INCOME FOR THE FISCAL YEAR	(11,351)			11,544		
ADJUSTMENTS FOR:						
TAXES FOR THE FISCAL YEAR	(2,406)			6,092		
FINANCIAL EXPENSES DURING THE FISCAL YEAR	10,097			4,318		
FINANCIAL INCOME DURING THE FISCAL YEAR	(4,916)			(2,801)		
DIVIDENDS	(2,568)			(2,856)		
SHARE OF EARNINGS FROM ASSOCIATES	(592)			694		
AMORTISATION AND IMPAIRMENT LOSSES FOR THE FISCAL YEAR	29,085			25,364		
FAIR VALUE MEASUREMENT OF STOCK OPTION PLANS	1,454			1,236		
LOSSES/(GAINS) ON SALE OF NON-CURRENT ASSETS	38			20		
PROVISIONS FOR EMPLOYEE BENEFITS	60			25		
PROVISIONS FOR RISKS AND CHARGES	343			273		
PAYMENT OF EMPLOYEE BENEFITS	(70)			(70)		
USE OF PROVISIONS FOR RISKS AND CHARGES	(273)			(269)		
CHANGES IN INVENTORIES	(47,071)			(47,124)		
CHANGES IN TRADE RECEIVABLES	1,707	(160)	-9.4%	(11,450)	(686)	6.0%
CHANGES IN TRADE PAYABLES	32,707	6,006	18.4%	36,684	(225)	-0.6%
CHANGES IN OTHER CURRENT ASSETS AND LIABILITIES	17,228			(2,644)		
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	**23,473**			**19,036**		
INCOME TAX PAID	(4,981)			(5,718)		
INTEREST AND OTHER FINANCIAL EXPENSES PAID	(10,097)			(4,318)		
INTEREST AND OTHER FINANCIAL INCOME RECEIVED	4,916			2,801		
DIVIDENDS DRAWN	2,568			2,856		
CASH FROM (USED IN) OPERATING ACTIVITIES	**15,879**			**14,658**		
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(17,293)			(14,228)		

YOOX
NET-A-PORTER
GROUP

	31 DECEMBER 2015			31 DECEMBER 2014		
STATEMENT OF CASH FLOWS	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING	BALANCE	OF WHICH WITH RELATED PARTIES	% WEIGHTING
ACQUISITION OF INTANGIBLE ASSETS	(34,809)			(23,861)		
ACQUISITION OF STAKES IN SUBSIDIARIES	(9,637)			-		
ACQUISITION OF STAKES IN ASSOCIATES	-			(343)		
ACQUISITION OF OTHER NON-CURRENT FINANCIAL ASSETS	(6)			(36)		
CASH FROM (USED IN) INVESTING ACTIVITIES	(61,745)			(38,467)		
FINANCING ACTIVITIES						
NEW SHORT-TERM LIABILITIES	9,584			18,894		
REPAYMENT OF SHORT-TERM LIABILITIES	(10,901)			(7,189)		
NEW MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	49,420			43,663		
REPAYMENT OF MEDIUM-/LONG-TERM FINANCIAL LIABILITIES	(13,214)			(1,793)		
TREASURY SHARE ACQUISITION	-			-		
PAYMENT FOR SHARE CAPITAL INCREASE AND SHARE PREMIUM RESERVE	15,637			21,775		
INVESTMENTS IN OTHER FINANCIAL ASSETS	(10,982)			(499)		
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	39,545			74,851		
TOTAL CASH FLOW FOR THE FISCAL YEAR	(6,321)			51,042		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	91,001			39,960		
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	84,680			91,001		
TOTAL CASH FLOW FOR THE FISCAL YEAR	(6,321)			51,042		

ANNEX 4

Summary statement of consideration paid during the fiscal year for services provided to the Parent by the independent auditors and other entities belonging to the same network as the independent auditors, prepared in application of Article 149-*duodecies* of Issuers' Regulation no. 11971 of 13 May 1999 and subsequent amendments.

TYPE OF SERVICE	SERVICE PROVIDER	RECIPIENT	CONSIDERATION (THOUSAND EUROS)
AUDITING			
AUDITING	KPMG S.P.A.	PARENT	1,432
CERTIFICATION SERVICES			
CERTIFICATION SERVICES	KPMG S.P.A.	PARENT	1,651
OTHER SERVICES			
OTHER SERVICES	KPMG S.P.A. AND KPMG NETWORK	PARENT	1,987
TOTAL			**5,070**

The amounts shown in the table, relating to the year 2015, are those agreed by contracts, including any indexing (but not including pocket expenses, any supervisory fees and VAT).

Certification services refer to the certification of the pro-forma figures and of the working capital for the purposes of presenting the Information Document, the opinion on the fairness of the issue price for YNAP S.p.A. shares, as part of the increase in share capital for the purposes of the 2015-2015 stock option plan and for certificates on consolidated financial covenants.

Other services include tax and financial due diligence activities on The Net-a-Porter Group, activities involving the analysis of YNAP Group stock assessment criteria, assessments of procedures and controls relating to The Net-a-Porter Group's internal auditing system and analysis activities for the purposes of converting to The Net-a-Porter Group IFRS.

YOOX
NET-A-PORTER
GROUP

ANNEX 5

Summary statement of possibility of use of reserves.

(thousands of Euros)

NATURE / DESCRIPTION	AMOUNT	POSSIBILITY OF USE	AVAILABLE PORTION	OF WHICH DISTRIBUTABLE PORTION
CAPITAL:				
SHARE CAPITAL	1,301	B		
PAYMENT FOR FUTURE SHARE CAPITAL INCREASE	-	A,B		
CAPITAL RESERVE:				
SHARE PREMIUM RESERVE (1)	101,610	A,B,C	101,610	101,610
TREASURY SHARE ACQUISITION RESERVE	(163)			
CAPITAL CONTRIBUTION RESERVE	-			
MERGER SURPLUS RESERVE	1,840,048			
PROFIT RESERVES:				
LEGAL RESERVE	193	B	193	
RESERVES REQUIRED BY THE ARTICLES OF ASSOCIATION	-			
STOCK OPTION RESERVES	21,983	A,B	21,983	
CASH FLOW RESERVES ON DERIVATIVES	192		192	
PROFIT RESERVES CARRIED FORWARD	36,185			
TOTAL CAPITAL AND RESERVES	**58,553**			
PROFIT/(LOSS) FOR THE FISCAL YEAR	(14,984)			
TOTAL SHAREHOLDERS' EQUITY	**1,985,731**			
KEY:				
A: FOR SHARE CAPITAL INCREASE.				
B: TO COVER LOSSES.				
C: FOR DISTRIBUTION TO SHAREHOLDERS.				

NB:
(1) Pursuant to article 2431 of the Italian Civil Code, this reserve may be distributed only if the legal reserve has reached the limit established in article 2430 of the Italian Civil Code.

YOOX
NET-A-PORTER
GROUP

YOOX
NET-A-PORTER
GROUP

Certification of the consolidated financial statements as at 31 December 2015 pursuant to Article 81-ter of Consob regulation 11971 of 14 May 1999 as subsequently amended and supplemented

YNAP Group

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2015 PURSUANT TO ARTICLE 81-*TER* OF CONSOB REGULATION 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

The undersigned, Federico Marchetti, as CEO of YOOX NET-A-PORTER GROUP S.p.A. (the "**Issuer**"), and Enrico Cavatorta, as Director responsible for preparing the corporate accounting documents of the Issuer, hereby certify, also taking into account the provisions of Article 154-*bis*, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- Their suitability with regard to the characteristics of the company, and;
- The effective application of the administrative and accounting procedures for the preparation of the Issuers' separate financial statements for 2015.

We also hereby certify that:
The Issuers' separate financial statements as at 31 December 2015:
- Have been prepared in compliance with the international accounting standards adopted by the European Union pursuant to (EC) regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
- Correspond to the entries in the ledgers and records;
- Are suitable for providing a truthful and accurate representation of the Issuers' income statements, statement of financial position and statement of cash flows.

The report on operations includes a reliable analysis of the operating performance and result as well as the situation of the Issuer together with a description of the main risks and uncertainties to which it is exposed.

Date 9 March 2016

The CEO

[Signture]
Federico Marchetti

The Director in charge of preparing the
corporate accounting documents
[Signature]
Enrico Cavatoria

Report of the Independent Auditors on the financial statements

KPMG S.p.A.
Revisione e organizzazione contabile
Via Andrea Costa, 160
40134 BOLOGNA BO

Telefono +39 051 4392511
Telefax +39 051 4392599
e-mail it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
YOOX NET-A-PORTER GROUP S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of YOOX NET-A-PORTER GROUP S.p.A. (the "company"), which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows as at and for the year ended 31 December 2015 and notes thereto.

Directors' responsibility for the separate financial statements

The company's directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

YOOX NET-A-PORTER GROUP S.p.A.
Independent auditors' report
31 December 2015

Opinion

In our opinion, the separate financial statements give a true and fair view of the company's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and shareholding structure with the separate financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and shareholding structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the company's directors, with the separate financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and shareholding structure referred to above are consistent with the separate financial statements of YOOX NET-A-PORTER GROUP S.p.A. as at and for the year ended 31 December 2015.

Bologna, 11 March 2016

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

2

Report of the Board of Statutory Auditors to the Shareholders' Meeting on the financial statements as at 31 December 2015 - consolidated financial statements as at 31 December 2015 (pursuant to Article 153 of Legislative Decree 58/1998 and Article 2429 of the Civil Code)

YOOX Net-A-Porter S.p.A.
Registered Office at 17 via Morimondo - 20143 MILAN, Italy
Tax code and Milan Company Register no. 02050461207
Share capital: 1,301,258.85 euros, fully paid up
http://www.ynap.com

Report of the Board of Statutory Auditors to the Shareholders' Meeting

(pursuant to Article 153 of Legislative Decree 58/1998 and Article 2429, paragraph 3 of the Civil Code).

*** ** ***

***

To the shareholders of YNAP S.p.A. (the "**Company**" or "**YNAP**")

Dear Shareholders,

The undersigned Board of Statutory Auditors was appointed at the Shareholders' Meeting of 30 April 2015 and has carried out its supervisory tasks pursuant to the existing legal and regulatory provisions, in accordance with the principles of conduct recommended by the "Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili" [National Council of Certified Public Accountants], and pursuant to Article 149 of Legislative Decree 58/1998 (the "**TUF**" - Consolidated Finance Act) and the applicable provisions of the Civil Code, as well as the Consob communications on corporate control and activities of the Board of Statutory Auditors (including Communication DEM/1025564 of 6 April 2001 and subsequent communications).

With regard to Criterion 8.C.1. of the Code of Conduct concerning the independence requirements for the members of the Board of Statutory Auditors, we have verified that none of them has or has recently had, including indirectly, any relations with the Company or with parties connected to the Company that might affect their independence of judgement. The outcome of this verification has been reported in the Report on Corporate Governance and Ownership Structure (the "**Report on Corporate Governance**") prepared pursuant to Article 123-*bis* of the TUIF.

Each statutory auditor has also complied with the limit on the number of positions held as laid down in Article 148-*bis* of the TUF and the related implementing regulations (Articles 144-*duodecies* to 144-*quinquiesdecies* of Consob Regulation 11971/99 (the "**Issuers' Regulation**"), as referred to in the Bylaws).

With regard to the legally required auditing tasks, the Shareholders' Meeting of 8 September 2009 appointed KPMG S.p.A. to carry out these tasks until the year ending 31 December 2017 (the "**Independent Auditors**" or "**KPMG**"); we refer you to their reports: (i) the task of auditing the financial statements and the consolidated financial statements, as well as (ii) the limited audit of the half-year reports, and (iii) the quarterly inspections of the corporate accounting.

For YNAP, the main event in 2015 was the significant merger operation with the Net-A-Porter Group ("**NAP**"). This was announced on 31 March 2015 following the agreement signed between the Company and Compagnie Financière Richemont S.A. ("**Richemont**"). The integration, which took the form of a merger between the Company and Largenta Italia S.p.A., a special purpose vehicle through which NAP's assets were transferred, was approved at the Extraordinary Shareholders' Meeting of 31 July 2015 and involved,

1

among other things, the adoption of new Bylaws, significant changes to the structure of the share capital and shareholder structure, and the adoption of the new company name YOOX Net-A-Porter (YNAP).

In this regard, please refer to the documentation prepared by the directors for the said Shareholders' Meeting, as well as the Information Document pursuant to Article 57 of the Issuers' Regulation, published on 3 October 2015.

YNAP complies with the Code of Conduct of listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (hereinafter the "**Code of Conduct**"). The Board of Statutory Auditors has monitored the practical implementation of the corporate governance rules imposed by the Code of Conduct; in this regard, please refer to the Corporate Governance Report.

The Board of Directors currently comprises eleven members, including seven independent directors. In accordance with the provisions of point 3.C.5 of the Code of Conduct, we have verified, at the time of each appointment, that the verification criteria and procedures adopted by the Board of Directors to assess the independence of the directors, as well as their conformity with the provisions of point 3.C.1 of the Code of Conduct, were applied correctly.

During the year, thirteen meetings of the Board of Directors were held, which we attended. The meetings were conducted in accordance with the statutory, legal and regulatory standards governing their operation. During the meetings, the directors provided information on the Company's general operating performance and outlook, in accordance with the procedures laid down by the rules on corporate governance.

The directors also provided information on the business activity carried out and transactions with a significant effect on the income statement, balance sheet and financial position of the Company and/or its subsidiaries. We refer you to their report on the main initiatives undertaken during the course of the year, and state that, to the best of our knowledge, these were based on principles of proper management and that any problems relating to potential or possible conflicts of interest were carefully assessed.

The following meetings were also held during the course of the year: (i) seven meetings of the Control and Risk Committee, which were always attended by at least two members of the Board of Statutory Auditors; (ii) eight meetings of the Compensation Committee, attended by the Chairman of the Board of Statutory Auditors, (iii) and two meetings of the Appointments Committee.

With regard to activities carried out pursuant to Article 150 of the TUIF (Consolidated Law on Financial Intermediation), we had regular meetings and exchanges of data and information with representatives of the Independent Auditors. No matters arose during the course of these meetings that require mention in this report. Specifically, the Independent Auditors informed us during the year of their own audit plan, which was adequate.

We received information from KPMG regarding the hours billed for the auditing of the financial statements and the consolidated financial statements as at 31 December 2015. The information on fees required by Article 149-*duodecies* of the Issuers' Regulation is reported in the financial statements file.

During the course of 2015, the Company appointed KPMG and other companies belonging to its network to carry out further tasks in addition to the auditing of the accounts. In brief, these tasks mainly concerned: (i) methodological assistance with the IFRS conversion project of the NAP Group; (ii) a limited audit of the Yoox and NAP groups at the time of the interim consolidated financial statements, (iii) the examination and issuing of opinions on the pro-forma data prepared for the documents at the time of the merger operation, (iv) an audit of the opening balances of the NAP reporting package as at 5 October 2015, (v) a fairness

2

opinion on the issue price of the YNAP shares pursuant to Article 2441 of the Civil Code, (vi) procedures on working capital with regard to the declaration issued by the directors in the Information Document for the merger; (vii) agreed-upon procedures including covenants relating to a loan. The total fees for the above-mentioned additional tasks amounted to 4,833 thousand euros.

We received (i) the report on the "fundamental questions" issued by the Independent Auditors pursuant to Article 19, paragraph 3 of Legislative Decree 39/2010 and (ii) the annual confirmation of the independence of the latter pursuant to Article 17, paragraph 9, letter a) of Legislative Decree 39/2010, the contents of which were disclosed earlier during the previous exchanges of information, and we analysed the risks relating to the independence of the independent auditors and the measures adopted by them to limit the occurrence of such risks, also taking into consideration the appointments for non-audit services described above. During the year, no critical aspects emerged regarding the independence of the Independent Auditors, also taking into consideration the provisions of Legislative Decree 39/2010.

During the course of 2015, the Board of Statutory Auditors met nine times in order to carry out the activities for which it is responsible and to exchange information, where necessary, with the representatives of KPMG and with the members of the Control and Risk Committee and the Supervisory Body.

We monitored compliance with the law and the Bylaws and, to the best of our knowledge, we have no particular observations to make in this regard.

We monitored compliance with principles of proper management; the decisions made and implemented by the Board of Directors appear to be in full compliance with the law and the Bylaws, do not conflict with the resolutions passed by the Shareholders' Meeting, and are based on principles of proper management. In the Report on Operations for 2015, the directors present the transactions with a significant effect on the Company's income statement, balance sheet and financial position for the year. This Report complies with the laws and regulations in force and is consistent with the resolutions adopted by the Board of Directors, the separate and consolidated financial statements, and any events after the year-end. The Half-Year Financial Report and the Consolidated Interim Financial Statements have been publicised as required by the laws and regulations in force.

To the extent of our responsibility, we gathered data and information from the heads of each corporate department, including through direct investigations where necessary, and monitored the adequacy of the structure of the (i) management and accounting system in terms of its faithful and reliable representation of operating performance, and (ii) the Company's organisational structure. We believe these structures to be adequate in view of the characteristics of the Company and YNAP Group as well as the business activities that they undertake.

We monitored the adequacy of the internal control system by (i) attending meetings of the Control and Risk Committee, (ii) examining the relevant reports, and (iii) gathering information from the respective heads of departments and from the Independent Auditors. We also examined the corporate documentation and verified procedural compliance. On the basis of these activities, we believe that this internal control system is set up and organised in such a way as to ensure the proper and correct performance of its functions. Among other things, this makes it possible to provide a faithful indication of performance and operations in terms of the Company's income statement, balance sheet and financial position.

With regard to 2015 and after the year-end, on 9 March 2016 the Board of Directors, based on the information and evidence collected and also with the support of the preliminary investigations carried out by the Control and Risk Committee, assessed the adequacy of the internal control and risk management system. It expressed a favourable opinion with regard (i) to the adequacy of the system, taking into account the characteristics of the business and the risk profile adopted, and (ii) its effectiveness.

We gained knowledge of and supervised, to the extent of our responsibility, the instructions given by the Company to its subsidiaries, pursuant to Article 114, paragraph 2 of the TUF, which appear to be adequate. We assessed the suitability of the corporate organisation and the procedures adopted to provide the Company with regular information on the financial, capital and economic positions of its subsidiaries.

We monitored and assessed the periodic report and press releases published by the Company, as well as compliance with the Consob reporting obligations. To the best of our knowledge, each Company body or department has complied with the information obligations imposed by the applicable legislation.

The YNAP Shareholders' Meeting of 16 December 2015 approved a new 2015-2025 Stock Option Plan, after revoking the 2014-2020 Stock Option Plan approved at the Shareholders' Meeting of 17 April 2014.

The Board of Statutory Auditors took note of the preparation (i) of the Remuneration Report pursuant to Article 123-*ter* of Legislative Decree 58/1998 and Article 84-*quater* of the Issuers' Regulation, as well as (ii) the Information Document pursuant to Article 84-*bis* of the Issuers' Regulation, to which we refer you, with no particular observations to make in this regard.

The Company adopted and subsequently updated and amended the organisational model provided for by Legislative Decree 231/2001 ("**Model 231**"), aimed at preventing the possibility of the commission of serious offences pursuant to the said Decree and consequently of the administrative responsibility of the Company. Based on an analysis of corporate activities aimed at identifying activities potentially at risk, the Model 231 adopted, which forms an integral part of the Code of Ethics, is a collection of general principles, rules of conduct, control instruments, organisational procedures, educational and information activities and a disciplinary system, aimed at ensuring, as far as possible, the prevention of the commission of any offences.

On 30 April 2015, the Board of Directors appointed the Supervisory Authority, the body entrusted with the task of overseeing the correct operation of Model 231 and keeping it up to date. At the date of this report, the Supervisory Body comprises three members: Rossella Sciolti, external member and Chairman; Isabella Pedroni, external member; and Matteo James Moroni, internal member and Head of the Internal Audit Department. During the course of the year, we took note of the activities carried out to update Model 231 and the periodic reports of the Supervisory Body on the activities carried out by it, which did not reveal any censurable circumstances or specific violations of Model 231.

The separate financial statements as at 31 December 2015, submitted for your approval, show a loss of 11.4 million euros, while the consolidated financial statements show a profit attributable to the Group of 16.6 million euros.

KPMG issued its reports on the separate financial statements and the consolidated financial statements, which do not contain any observations or requests for information. The Independent Auditors also believe that the management report is consistent with the separate financial statements of the Company and with the consolidated financial statements of the Group.

In the "Risk factors" section of the Report on Operations, the directors describe the main risks and uncertainties to which the Company and the Group are exposed, identifying both operational and financial risks (foreign exchange, interest rate, price, liquidity, credit with financial and commercial counterparties).

4

The directors indicate that relations among Group companies or between those companies and related parties cannot be classed as either atypical or unusual, as they fall within the normal course of the Group's business and take place under normal market conditions and in the interests of the Group, and that, in general, no atypical or unusual transactions were carried out. We believe that the information provided in the notes to the financial statements in relation to such exchanges of goods and services is adequate. The Board of Statutory Auditors has ascertained that these transactions comply with the law and the Bylaws, are in the Company's interests and are not likely to give rise to any doubts concerning the accuracy and completeness of the relevant disclosures, the safeguarding of corporate assets and the protection of minority shareholders.

During the course of the year, as indicated in the financial statements file, the Company did not carry out any transactions in treasury shares. It is also noted that a resolution of the Shareholders' Meeting of 30 April 2015 authorised the Company to purchase treasury shares. We refer you to the directors' reports for the purposes and related details of these transactions.

Our supervisory activities were carried out in a normal manner throughout the financial year ended 31 December 2015. No omissions, censurable circumstances or irregularities emerged that need to be mentioned in this report.

In 2015, the Board of Statutory Auditors issued, among other things, the following opinions: (i) on 21 April concerning the appointment of the new Director in charge of preparing corporate accounting documents pursuant to Article 154-*bis* of the TUIF, (ii) on 11 May and 11 November concerning the remuneration of directors with specific duties pursuant to Article 2389, paragraph 3 of the Civil Code, (ii) on 16 December with regard to the conformity of the new versions of the Related Parties Procedure.

No claims pursuant to Article 2408 of the Italian Civil Code were received, nor any other complaints

To summarise the supervisory activities carried out during the year, we have no proposals to make pursuant to Article 153, paragraph 2 of the TUF.

***

In the light of all of the above, we consider that the Report on Operations contains adequate information about the business operations conducted during the year, and we agree with the proposal made by the Board of Directors with regard to the allocation of profit for the year.

Milan, 23 March 2016

The Board of Statutory Auditors

Marco Maria Fumagalli – Chairman

(signed on the original)

Giovanni Naccarato – Standing Auditor

(signed on the original)

Patrizia Arienti – Standing Auditor

(signed on the original)

Printed by: SERVIF RR Donnelley Financial – Milan